

JPRS 84162

22 August 1983

# West Europe Report

No. 2192

**FBIS** FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

22 August 1983

## WEST EUROPE REPORT

No. 2192

### CONTENTS

#### TERRORISM

##### SPAIN

ETA Seen Funneling Military Information to Foreign Powers (ABC, 18 Jul 83).....	1
ETA Bombings Destroy Bilbao Bank Branches (EL ALCAZAR, 17 Jul 83).....	3

#### ENERGY ECONOMICS

##### GREECE

Recent Country-Wide Black-Out Raises Questions (Various sources, various dates).....	5
Government Explanation Coal Imports Advocated, by K. Kolmer Political Implications	
Nestos River Dam Project Agreement Signed (I VRADYNI, 22 Jun 83).....	9

#### ECONOMIC

##### DENMARK

Voters in Poll Back Government Economic Austerity Program (Asger Schultz; BERLINGSKE TIDENDE, 15 Jul 83).....	10
--	----

Industry Leaders Polled on Investment, Hiring Plans (INFORMATION, 29 Jun 83).....	13
OECD Report Foresees Moderate Upturn in Economy (Kermit Norlund; BERLINGSKE TIDENDE, 13 Jul 83).....	15
Union Mounting Campaign Against Industry Denationalization (Victor Andersen; BERLINGSKE AFTEN, 24 Jun 83).....	17

#### FINLAND

Finance Minister Comments on Monetary Policy, Investment (Katarina Koivisto; HUFVUDSTADSBLADET, 16 Jul 83).....	20
Economic Recovery Now So Strong That State Aid Not Needed (Editorial; HELSINGIN SANOMAT, 20 Jul 83).....	23
Finance Ministry Foresees Slow Down in Economic Recovery (HELSINGIN SANOMAT, 20 Jul 83).....	26
Labor Ministry Report Sees Continued High Unemployment (HELSINGIN SANOMAT, 29 Jul 83).....	29
Finnish Firms in Iraq Asked To Wait for Payments (HELSINGIN SANOMAT, 26 Jul 83).....	32
Economic Improvement in Iran May Benefit Finnish Firms (HUFVUDSTADSBLADET, 21 Jul 83).....	35
Briefs Industrial Production Rises	37

#### GREECE

Negative Results Seen in Civil Service Jobs Creation (Giannis Dimitriadis; OIKONOMIKOS TAKHYDROMOS, No 23, 9 Jun 83).....	38
Government's Poor Economic Planning Regretted (Giannis Marinos; OIKONOMIKOS TAKHYDROMOS, No 22, 2 Jun 83).....	40
Ships To Be Built for PRC (I VRADYNI, 22 Jun 83).....	44

#### ICELAND

Ministers, Union Chief Comment on Wage Cuts, Foreign Firms (Jens Holme; INFORMATION, various dates).....	45
Prime Minister Attacks Indexation Union Showing Unwonted Restraint Peace Sought With Foreign Companies	



## SWEDEN

Number of Unemployed Youth Continues Rise (Kerstin Sedvallson; DAGENS NYHETER, 13 Jul 83).....	56
Conservative Newspaper Comments on Youth Unemployment (Editorial; SVENSKA DAGBLADET, 13 Jul 83).....	58
Official Forecast Sees Improvement in Jobs Only in 1984 (Kerstin Sedvallson; DAGENS NYHETER, 15 Jul 83).....	60

## TURKEY

FRG Minister Opposes Free Circulation of Labor (CUMHURIYET, 5 Jul 83).....	62
Blum Ankara Visit Spotlights Worker Return Problem (CUMHURIYET, 5 Jul 83).....	63

## POLITICAL

### DENMARK/GREENLAND

Schluter Visit Had Important Political, Economic Results (BERLINGSKE TIDENDE, 26 Jul 83).....	67
Agreement With Motzfeldt on Cuts Schluter More Successful Than Jorgensen, Editorial	

### FINLAND

Rival Communist Newspapers Report on Party Card Exchange (KANSAN UUTISET, 13 Jul 83, TIEDONANTAJA, 14, 15 Jul 83).....	70
Moderate-Wing Paper on Results Stalinist-Wing Paper: 'Sad' Results, Editorial Stalinist MP Tennila Comments, Editorial by Esko-Juhani Tennila	

### GREECE

Soviet Reaction to Bases Agreement: KKE May Be Loser (I KATHIMERINI, 21 Jul 83).....	74
Climate of Violence Seen Advantageous to Both ND, PASOK (POLITIKA THEMATA, 15-21 Jul 83).....	76

Disenchantment With PASOK Seen Mitigated by Important Factors (Bernard Brigouleix; LE MONDE, 16 Jul 83).....	80
KKE Proceeds to Planned Internal Reforms (TO VIMA TIS KRYIAKIS, 17 Jul 83).....	84
KKE's Florakis: No Alliance With Present-Day PASOK (ETHNOS, 15 Jul 83).....	87
Rift Between Hardliners-Moderates Seen in ND (KYRIAKATIKI ELEVTHEROTYPIA, 17 Jul 83).....	89

#### SWEDEN

Paper Discounts Ability of VPK To Influence Fund Scheme (Editorial, Olof Kleberg; DAGENS NYHETER, 28 Jul 83).....	91
Falldin: Three Nonsocialist Parties To Unite Against 'Fund' (Ake Ekdahl; DAGENS NYHETER, 29 Jul 83).....	92
Ever-Increasing Number of Interest Groups Oppose 'Fund' (DAGENS NYHETER, 29 Jul 83).....	95
Paper Comments on Nordic Reactions to Latest 'Zone' Study (Editorial, Olof Santesson; DAGENS NYHETER, 29 Jul 83).....	98

#### TURKEY

Ilicak on Provisions for Party Electoral Participation (Editorial, Nazli Ilicak; TERCUMAN, 10 Jul 83).....	100
---	-----

### MILITARY

#### FINLAND

Armed Forces Announces New Command System (Arto Astikainen; HELSINGIN SANOMAT, 17 Jul 83).....	102
Army Is Testing Two New Armored Personnel Carriers (UUSI SUOMI, 7 Jul 83).....	109
General Jaakko Valtanen Replaces Sutela as Armed Forces Chief (HELSINGIN SANOMAT, 23 Jul 83).....	111

OCEAN ISSUES

SWEDEN

Paper Is Optimistic on Resolution of Conflict With Denmark  
(Editorial, Olof Santesson; DAGENS NYHETER, 28 Jul 83)..... 114

## ETA SEEN FUNNELING MILITARY INFORMATION TO FOREIGN POWERS

Madrid ABC in Spanish 18 Jul 83 p 15

[Text] Army information services have in their possession a questionnaire which the ETA [Basque Fatherland and Liberty Group] terrorist organization gives to its militants or sympathizers who go into the military service so that they can perpetrate various acts against the organization or the resources of the station to which they are posted.

The questionnaire specifies what information is of interest to the organization. Included among the topics of interest are: weapons reserve, policy for acquisition of supplies, models of armaments and explosives, levels of troop training, and plans for military installations.

Sources close to the military information services commented that the type of information the questionnaire is looking for is more suited to foreign secret services than to a terrorist organization like the ETA. This could be conclusive proof that ETA maintains relations with a foreign power and supplies them with information.

As of this date it has been known that militants and sympathizers of the ETA have been providing information to that organization while serving in the army. But these reports have referred primarily to security systems in military posts, customs and practices of certain officers and their "points of view" on separatist movements and the Basque question. The information services of the police uncovered several of these ETA members involved in these crimes in connection with army generals. In any case the questionnaires go beyond the objectives of the ETA and could be of interest to third countries.

## Information Channels

These third countries couldn't be allies of Spain since most of the topics involved are already known to the countries with which Spain has friendly ties and treaties of military cooperation. In several instances the Soviet KGB has been accused of backing some European terrorist organizations which include the ETA. Also, the PLO's assistance to these organizations has been mentioned. However, these involvements have been disclaimed by both the Soviet Union and the Arab organization.

ETA sympathizers are able to carry out significant espionage activity. In many cases the operational value of a military unit can be determined by their reserves, the quantity and age of the stored ammunition, the numbers of independent exercises carried out by the unit, and their transmission systems, rather than by the type and quantity of supplies on hand, which is relatively easy information to obtain. In many cases a simple soldier can obtain revealing reports concerning these matters.

8146

CSO: 548/474

## ETA BOMBINGS DESTROY BILBAO BANK BRANCHES

Madrid EL ALCAZAR in Spanish 17 Jul 83 p 9

[Text] Bomb Attacks Injure Young Woman and Cause 50 Million Pesetas in Damages

According to Europa Press, a government outlet, damages up to 50 million pesetas were caused by an early morning bomb explosion at three branches of the Bank of Bilbao in the Biscayan capital.

Police sources said that each of the bombs contained two kilos of a powerful explosive, possibly gelatine-2. The explosives were placed at the base of the automatic tellers at the bank branches and were set off by timers. Damages to the three branches were serious. They primarily affected the doors, automatic tellers, windows and equipment. Several cars parked nearby were also damaged, even some near the ice cream parlor, "Valenciana" located near one of the bank branches.

Glass from a window destroyed by the explosion at one of the branches injured Maria del Carmen Rey Robles, 26. Her injuries are minor according to police.

The bombs were placed at around 12:00 or 12:15 at night. The first explosion took place at 12:05 in the Bank of Bilbao branch located at Autonomia Street.

Damages at this branch exceeded 13 million pesetas. The extensive shock affected several vehicles in the vicinity and the ice cream parlor.

The second explosion took place in the branch on Dr Areilza Street. Damages were in the 12 million peseta range. The last bomb exploded at 12:15 a.m. in one of the principal branches of the Bank of Bilbao, the one on Henao Street. Losses from this explosion were valued at 14 million pesetas.

## Transmitter Attack Aborted

Several bombs totaling as much as 12 kilos of gelatine-2 were deactivated by police at the television transmitter located at Almolda in Zaragoza.



EGIN, the Basque newspaper received an anonymous phone call at midnight on Friday disclosing the placement of the explosives. Police explosive experts disarmed two bombs in the early hours of the morning. These 2 kilo gelatine-2 bombs were located in a cottage next to the transmitter. Another bomb was located near the cottage.

Bomb experts confirmed that the explosives in the first two bombs failed since they had been set to go off at midnight. The other bomb did not have a timer.

An anonymous caller to the Bilbao Popular radio station blamed the ETA political-military organization in the area of the bomb placements.

#### Security Measures

According to the reliable sources of Europa Press a set of 40 photos of ETA members was distributed to police stations in Madrid and was also distributed among the guards in high government offices and state institutions.

The same sources indicated that at first they had not planned to share these photos with the guards since they thought that the Security Directorate had taken adequate measures after July 1 in intensifying security in anticipation of a possible ETA attack.

The photographs contained in nine folders were only distributed to the police stations in the hope that security officials on the streets, at the airports, etc., would be alert to the possible presence of ETA members in the city.

On Friday the guard brigade requested sets of the photos for the guards at high level offices from the office of the chief of police of Madrid which was responsible for the distribution of the photos. This decision tightened the security precautions against possible terrorist action.

It will be recalled that the photo sets contain pictures of members of ETA military of the "Madrid" command who were not arrested during the imprisonment of Diego Prado; Miguel Angel Goicoechea, alias "Txapela." and Miguel Angel Apalategui, alias "Apala."

The previously mentioned sources commented to Europa Press that as late as yesterday security measures in Madrid had not detected the possible presence of ETA members in Spain's capital.

#### Vindication

The Bilbao newspaper EGIN reported yesterday that responsibility for the July 4 attack in Ortuella against a mobile patrol of the civil guard had been attributed to the ETA military after a telephone call to EGIN offices.

There were no casualties in the attack since the bomb located in the culvert of the road where two of the civil guard's land rovers were passing, exploded before they got there. The explosion resulted only in material damages to one of the vehicles. Some of the civil guards suffered minor injuries.

## RECENT COUNTRY-WIDE BLACK-OUT RAISES QUESTIONS

## Government Explanation

Athens POLITIKA THEMATA in Greek No 461, 8-14 Jul 83 pp 16-17

[Excerpts] At first they said that a lightning bolt had struck at Kardia near Ptolemais. Certain other people spoke about sabotage. Later it came to light that the responsibility lay with two technicians who were watching a soccer game instead of monitoring the control panels. Afterwards the pinpointing of the responsibility shifted from Kardia to the Load Distribution Center at Rouf. The person in charge at the Rouf Load Distribution Center had failed to give instructions to open the grounding circuit before the line from the Kardia super-high-tension center was switched on. And this event led--they say--to the inevitable result.

Finally, whatever were the reasons for the blackout it is certain that all of Greece was paralyzed for a few hours on Sunday, 3 July, without it being possible to find anyone who could provide an explanation. The Greece of 5 days ago found itself in the chaos of its own indifference.

In the following days there would begin a dramatic joint investigation into where to place the responsibilities. There was a shower of announcements which gave explanations incomprehensible to the broad public, since the talk about grounding circuits, couplings, and decouplers was like the cantor's cough of uncertainty.

Of course, this event was neither unprecedented nor specifically Greek. In the past as well--as the DEI [Public Power Corporation] said--power interruptions lasting many hours have been seen.

In a press conference which he gave in the aftermath of the blackout, Minister of Energy Kouloumbis gave the official explanation of the government.

"A human error. On Sunday afternoon, the work had been completed on the second super-high-tension power transmission line which was to connect the 4th unit of the Ptolemais energy center with Salonica. At about 1900 hours in the afternoon, an order was given by the Rouf Load Distribution Center to those in charge at Ptolemais to make the link-up of the new power transmission line which was to operate in parallel with the existing line.

The DEI's own rules stipulate that the throwing of the switch for the connection must be done by two technicians, so that they can monitor each other, precisely for the purpose of avoiding mistakes. The technicians at Ptolemais received the order and responded that they understood it (these conversations are on tape), and then they threw the connection switch.

"However, previously they had not removed the groundings for the new transmission line, and this caused a short circuit at the Ptolemais energy center, which went dead within a very few seconds. The groundings had been made in order to allow the technicians who were installing the new transmission line to work without danger, and these should have been removed before the link-up of the line to the transmission network of the DEI.

"The going dead of the Ptolemais station had the result that suddenly the entire load of electricity demand fell on the other stations at Aliverion and Megapolis, which could not "bear" this load and in turn blew out themselves."

Simultaneously with those of the minister of energy, the DEI administration gave its own explanations as well, from which the following also emerged:

- The operators who made the mistake, Mandravelis and Mendzos, had been engaged by the DEI 10 years ago and had passed through all the stages of training.
- The area of eastern Thraki had been kept supplied with electricity, because it buys electric power from Bulgaria.
- The area of Salonica found "its sight" again within half an hour.
- Some 8 months ago the services of the DEI began their research on modernizing their safety systems.
- Those responsible for the error have been turned over to the public prosecutor.
- Sabotage has been ruled out, because before officers of the DEI are appointed to key positions they are examined on many levels.

The governmental machinery. The governmental machinery has acted effectively, said Minister of Interior Gennimatas, who added that there has been a thorough coordination of the ministries of the interior, public order, public works, welfare, and energy.

#### Coal Imports Advocated

Athens MESIMVRINI in Greek 7 Jul 83 p 1

[Article by K. Kolmer]

[Excerpts] Now that the initial sensation from the blackout of last Sunday has passed, perhaps we can look more cool-headedly at the circumstances of the country's electric-power production and its adequacy to meet the needs of domestic consumption.

The chief question for us is: Could it be that the blackout was due to a quantitative inadequacy of production, and that the interconnected power system collapsed completely because of its inability to meet the increased demand?

This question is perhaps more significant even than the specific realization that--due to natural causes--although the country's energy reserves are in the north their consumption is in the south (resulting in the vulnerability of the country's energy sufficiency in case of a hostile conspiracy). Because whereas any hostile action is rather improbable at the moment, the approaching winter may have in store for us "voluntary curtailments" of electricity, including those which Minister of Energy Kouloumbis recently called for--which can be interpreted as "we decree and order"!

Nevertheless, although the critical vulnerability of the energy center at Ptolemais is a fact, still the production of electricity this year, at 22,460 GWH [gigawatt-hours], seems to be enough for the needs of consumption, provided that 2,000 GWH will come from the burning of pit-coal at Aliverion and Ptolemais and 1,685 GWH will be imported from Italy, Austria, Yugoslavia, Albania, and Bulgaria, to the glory of PASOK's idea of national independence. Of course, there is always the reserve of 480 MW from the thermoelectric station of Keratsinion--let us hope it is not needed--and the turbogenerators at Lavrion, which spend 8 drachmas per kilowatt-hour, much more than what the DEI sells electricity for.

At the same time, the DEI's investment program is moving forward; this year it will take in more than 55 billion drachmas and in excess of \$250 million. Now under construction or being put up for bidding are the hydroelectric stations of Stratos, Aoos, Nestos, and Sfikia and the thermoelectric station of Agios Dimitrios of Ptolemais. At the same time there is progress, although with delays, on the development of the lignite mine of Amyndaion for the installation of a 400-MW unit soon. And somewhat later the fourth Megaloupolis unit of 300 MW will be installed. Thus our energy sufficiency is regarded as ensured by 1987, barring unforeseen circumstances.

What may these unforeseen circumstances be? A domestic political crisis, an acute shortage of foreign exchange, a natural catastrophe at a dam (for example, from a powerful earthquake), and finally a continuation of the irrational system of charges for electric power, which prevents the economically efficient harmonization of the various forms of energy and transforms the DEI into an indirectly philanthropic institution (in May alone the demand increased by 13 percent).

How will these unforeseen circumstances be avoided? Aside from continually improving efficiency and the system of charges for the consumption of electricity--things which are interdependent--the best way for the short term is the importing of pit-coal, which costs less than petroleum, and for the long term the establishment of nuclear-power stations for peak loads.

Of course, both of these courses had been rejected by PASOK. Indeed, PASOK's famous (for its follies) 5-year plan speaks somewhere (on page 165) to the



effect that "this goal (that is, of having imported pit-coal and nuclear power) fortunately (sic) has not been realized, because it was based on a mistaken (sic) assessment of our domestic sources of energy."

However, the DEI itself recently announced that it had managed to save 3.7 billion drachmas, and in fact partly in foreign exchange, by replacing 13,700 tons of petroleum with imported pit-coal at the Aliverion thermo-electric station. Thus, the sought-after treasure can be found in coal, and the 5-year plan goes on the library shelf. Moreover, shortly the DEI must also turn to nuclear technology. Because 1987 is just around the corner!

#### Political Implications

Athens ANDI in Greek No 236, 8 Jul 83 p 7

[Text] In our other commentary, where we said that "Greece will never perish," we tried to pinpoint the social responsibility which encompasses events such as the paralyzing of the country from the negligence of the DEI technicians.

Therefore let us scrutinize the political aspect of this issue, as to what should and can be done by the government in connection with events on such a scale. Of course, Minister of Labor Giannopoulos made the extraordinary statement, in jest (we would like to hope), that "now Greek citizens will realize what kind of chaos we inherited." But let us see what kind of order we can construct on this "chaos."

First of all it has been demonstrated that there is no provision for an essential giving of key information in emergency conditions. The State radio stations should give information, should give encouragement if necessary, and should act as factors of security and stability over against the inevitable general confusion. But for 20 months now, nothing has been done in this direction.

Secondly, despite the restrictions of customary rights and functions involved, it is unacceptable for such phenomena to continue to happen at critical junctures which are directly connected also with the defense of the country. That is, will an accurate bombing of Kardia also mean the paralyzing of Greece? Therefore we would like to believe that not merely the emergency plan provided specifically for the case of war will be put into effect. We hope we are understood here....

Finally, even though there were only a few cases where certain essential countermeasures did not work--cases such as the Red Cross Hospital, where not all the wings had been connected up to the reserve generator--these cases must be eliminated entirely.

So that if by chance we did not have to mourn casualties so much this time, we can prevent this possibility with certainty the next time.

Finally, we want to hope that the present government, with the different attitude which distinguishes it in comparison to the previous governments, will understand that its success will be judged relative to its handling of these classical "catastrophes," precisely as the previous government was judged to a significant extent by its absence from the earthquakes or from the major fires.

## NESTOS RIVER DAM PROJECT AGREEMENT SIGNED

Athens I VRADYNI in Greek 22 Jun 83 p 13

[Text] The first agreement for the construction of the Thisavros Nestos river dam project was signed by the director of the Public Power Corporation (DEI), Mr D. Papamantello, and the representative of the Austrian Cooperative.

The budget for the projects under this agreement is about 1.2 billion drachmae and refers to the first phase of the construction of the project that includes a tunnel to deviate the path of Nestos river toward the project area for 22 kilometers starting from Sidironero village.

The deviation tunnel will be 1,600 meters long, will be cased in concrete and will have an inside diameter of 11 meters. The tunnel is designed to contain river floods at 2,000 cubic meters a second. The Thisavros river dam project will also include a dirt dam, and overflow system, a complex for the production of energy, and a dredger.

A 170 meter high dam (the highest in Greece at this time) with a volume of 9 million cubic meters establishes a reservoir for 700 million cubic meters of water and takes up an area of 18 square kilometers.

The overflow system for floods will have a flow capacity of 8,000 cubic meters a second. The production station will be subterranean and provides for the installation of two 172.5 MW units that will produce about 450 million kilowatts a year by the time the project is included in the national system in 1989.

In addition to the hydroelectric production, this project will provide for the irrigation of 700,000 stremmas in the plains of Drama, Komotini and Xanthi.

The total investment cost for the construction of the project is estimated to come to about 20 billion drachmae, while the potential of the Nestos river will be exploited completely in the future with the construction of supplementary works to the Platanovrysi and Temena dam projects.

9346

CSO: 3521/363



## VOTERS IN POLL BACK GOVERNMENT ECONOMIC AUSTERITY PROGRAM

Copenhagen BERLINGSKE TIDENDE in Danish 15 Jul 83 p 7

[Article by Asger Schultz: "Voters Support Austere Economic Policy and Tax Relief Must Wait: The Gallup Poll"]

[Text] An absolute majority of Danish voters, 55 percent, believe that the government should continue to conduct an austere economic policy and that it is too early to slacken.

This comes from a study the Gallup Institute made. A representative cross section of voters including about 1000 people responding were asked the following questions:

"The present non-socialist government has conducted an economic austerity program in order to straighten out Denmark's economic situation, i.e., a reduction of Denmark's balance of payments deficit and a reduction of the national budget deficit."

"And this economic austerity policy has been unpleasant for many."

"By the fall the government will have passed a new budget for the coming year. May I ask, do you think that the government should continue to conduct an austere economic policy with further economizing and wage restraint, or do you think that the government should slacken the austere economic policy?"

The answer was as follows:

	<u>Austerity</u>	<u>Can slacken</u>	<u>Do not know</u>	<u>Total</u>
Right of Social Democratic Party	87	8	5	100
Social Democratic Party	31	59	10	100
Left of Social Democratic Party	26	63	11	100
Total	55	33	12	100

As it appears, and as could be expected, there is somewhat close unanimity among voters to the right of the Social Democratic Party to the effect that the austere economic policy should continue. This is the opinion of 87 percent, while only 8 percent disagree. And although the majority among the remaining voters wants to slacken the economic austerity, almost 1 of 3 (31 percent) of Social Democratic

voters thinks that the austere economic policy should continue, and 1 out of 4 (26 percent) of voters to the left of the Social Democratic Party.

In this connection the following question was also asked regarding the tax relief which has been debated politically so heatedly:

"Before the present non-socialist government took office, it promised a tax relief to the effect that everyone would have an amount of 600 kroner remitted."

"Now the government wants to redeem this promise."

"Giving a tax relief now, where the government otherwise continues to want to conduct an austere economic policy and carry out further economizing has been criticized and it can appear inconsistent! What is your opinion--do you think the government should stick to its promise of tax relief regardless of the fact that it wants to conduct an austere economic policy, or do you think that the government should refrain from giving this relief?"

The result was as follows:

<u>Party membership</u>	<u>Tax relief</u>	<u>No tax relief</u>	<u>Do not know</u>	<u>Total</u>
Right of Social Democratic Party	34	57	9	100
Social Democratic Party	22	73	5	100
Left of Social Democratic Party	26	59	15	100
Total	29	59	12	100

As can be seen, the voters' attitude now is such that they will even have none of the tax relief. A very large majority (59 percent) is against the announced tax relief and only half as many (29 percent) say that they would like to get this tax relief. And it can be seen further that the majority is large and definite in all political groups.

In connection with the government's economic policy, it is often discussed how large a share of the glory for the improved economic situation is due to the government, and therefore the following question was also asked:

"Denmark's economic situation is now better than before the present government took office. There is general agreement that part of the improvement is due to favorable economic development outside of Denmark and a part is due to a more austere economic policy which the present government has conducted."

"What do you think has been of the most significance for the improved economic situation, the development abroad or the government's economic policy?"

Here the answer was as follows:

	<u>Development abroad</u>	<u>Government's policy</u>	<u>Equally</u>	<u>Do not know</u>	<u>Total</u>
Right of Social Democratic Party	16	33	46	5	100
Social Democratic Party	46	10	34	10	100
Left of Social Democratic Party	53	13	25	9	100
Total	29	20	39	12	100

Most voters (39 percent) believe that the development abroad and the government have just as great a share in the result, while 29 percent give most of the glory to outside the country, and 20 percent to the government.

All in all it can be seen that outside the country gets more of the glory than the government, but the difference is not great.

Reproduction permitted only with citation of BERLINGSKE TIDENDE and the Gallup Institute as the source. Asger Schultz.

8985  
CSO: 3613/153

## INDUSTRY LEADERS POLLED ON INVESTMENT, HIRING PLANS

Copenhagen INFORMATION in Danish 29 Jun 83 p 4

[Article: "Forty Percent of Industry Will Increase Investments Next Year"]

[Excerpts] And prospects for work for 5000 to 10,000 more in a year, the Industry Council believes after a poll of 1400 Danish industry leaders.

More than 40 percent of Danish industrial concerns have since the new year revised their investment plans and will increase their investments.

At the same time nearly half of the concerns (48 percent) expect that in a year they will employ more personnel than now. This should mean that industry next summer will employ 5000 to 10,000 more than now.

This comes from a poll of 1400 industry leaders which the Industry Council conducted in June. The result was announced by the Industry Council's new chairman, Director Nils Wilhjelmsen, by Chief Economist Jørgen Hansen and Deputy Director Christian Einfeldt at a press conference Wednesday morning at the Industry Building. At the same time the Industry Council presented a number of suggestions for the promotion of industrial activity, as it is called. They have been sent to the government--by its request.

## Revised Investments

It appears from Director Wilhjelmsen's presentation and Jørgen Hansen's written report that 40 percent of firms this spring have revised their plans upward as far as investments in product development and marketing are concerned. A good 36 percent of firms have made an upward revision of investment plans for machinery and equipment while a good 15 percent will increase investments in buildings.

The Industry Council also asked the 1400 industry leaders about their assessment of the employment situation in a year. It appears from the responses that 16 percent of the firms expect an increase of over 10 percent in employment while 32 percent are counting on an increase in the number of employees of under 10 percent. Forty percent expect unchanged employment, while 12 percent expect a drop in employment.

The 1400 industry leaders represent firms with a good 200,000 of the approximately 350,000 employed in Danish industry.

"We have had a high percentage of responses, which gives the required substance to the study," Director Wilhjelm said, and stressed that the prospects for employment especially differ considerably from the estimates both in the Economic Council and the Budget Department.

To a question regarding how the estimates of the increased desire for investment and the greater employment were divided among different sizes of firms and sectors, Jørgen Hansen answered that there were not pronounced differences except for the fact that employment prospects were estimated to be the brightest in firms with under 500 employees and the bleakest in very big firms. "But they are the mature and fully developed industries," he added.

The Industry Council also asked the industry leaders about their view of the government's economic policy and industry policy. Their answer was to the effect that political stability, the observance of wage limits and the avoidance of tax and duty increases were most important for 85 to 90 percent of the firms.

To this was added the desire for a continued general drop in interest and a legislative reform pause in the whole environment area. These conditions are deemed far more important than special loan and industry subsidy arrangements and the tax situation.

Surprising for the Industry Council's leadership was the fact that, according to Christian Einfeldt, so many of the members do not want devaluation of the Danish krone. Ninety-four percent answered no to devaluation according to the model followed by the Swedes last fall. Danish industry leaders want a steadfast rate of exchange for the krone.

8985

CSO: 3613/153

## OECD REPORT FORESEES MODERATE UPTURN IN ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jul 83 Sect III p 2

[Article by Kermit Nørlund: "Moderate Upturn Good for Denmark; Economic Growth Strongest in USA and Japan"]

[Excerpts] Denmark is still among the group of countries in which the economic upturn is coming through with a moderate effect. The OECD predictions for the Danish economy have not essentially changed since the December report from the OECD or the commendatory grade book the non-socialist government recently got from the same organization.

The growth figures for 1983 and 1984 of, respectively, 1 and 1.5 percent of the gross national product appear modest in comparison with the anticipated average figures for OECD of about 3 percent. Highly placed experts in the cooperation organization, however, maintain to BERLINGSKE TIDENDE that Denmark can indeed be very well satisfied with the progress if it is maintained:

"Denmark is not ready for a fast and immense upturn and it appears certain that Denmark must have control over the balance problems before unemployment can be tackled."

Total Danish demand will show a restrained increase, it appears from the new semi-annual report from OECD. Unemployment will increase to between 11.5 and 12 percent. Inflation is as low as about 4.5 percent and the balance of payments deficit is being halved to about 11.5 billion kroner corresponding to 2 percent of the gross national product at the expiration of 1984. The most important factors are more favorable development of terms of trade, significantly lower energy expenditures, partly as the result of the drop in oil prices and partly because of North Sea oil, and the lower interest burden for the foreign debt.

## Idle Machines

Private consumption will grow slightly, but the public sector is monopolizing fewer resources next year. As many of industry's machines are still running at half capacity, there is significant overcapacity without idleness. Therefore the upturn will not immediately result in industrial investment, and since it must also be taken into account that the billion-kroner investments in the North Sea will flatten out this year and fall abruptly next year, OECD does not believe that



Denmark will be able to achieve any pronounced advance in investments. An exception, however, is housing construction, which is progressing because of the improved financing opportunities.

Since OECD does not expect any strong expansion of consumption in Denmark, a pronounced advance in imports of goods and products is also not believed in. Exports will be able to show an advance because of the growth in international demand, but the advance will be moderated to some extent by the anticipated decline in competitiveness.

8985

CSO: 3613/153

## UNION MOUNTING CAMPAIGN AGAINST INDUSTRY DENATIONALIZATION

Copenhagen BERLINGSKE AFTEN in Danish 24 Jun 83 p 5

[Article by Victor Andersen: "No 'Quartet' Retreat Concerning Denationalization: Government Ice Cold Toward Opposition Campaign of These Days"]

[Excerpts] The campaign against denationalization is going on this and next week through posters and advertisements, for one thing, in Copenhagen commuter trains. The group of people on the posters are not paid extras but "real" representatives of the labor unions taking part in the campaign.

A number of labor unions have begun an ideology-laden campaign against denationalization. Will the government be influenced? The answer--as it can be given today--is a definite no.

In a well devised election campaign the silver braid [middle and lower State functionaries] and gold braid [higher State functionaries] organizations together with 12 LO [Federation of Trade Unions] unions have begun an advertising and poster campaign against the "Quartet" [four-party coalition] government plans for denationalization. This is taking place with plain cogent sentences to the effect that Denmark's family should stick together during the crisis and that cuts in the public sector also affect private industry.

One of the supporting forces in the campaign is COI [expansion unknown] President Aage Andersen. He draws attention to the fact that several denationalization committees have been appointed in the Quartet parties and that the finance minister's budget review is also making much out of the matter. At the same time he has noted that the Conservatives--as he expresses it--"are now making light of the denationalization idea."

If behind the campaign there is a feeling that the Quartet front is about to disintegrate in the denationalization question this is a false assessment. The chairman of the denationalization committee among the Conservatives, Folketing Member Henning Dyremose, can thus assert that the party's and government's attitude is completely unshaken:

"There has indeed been a bit of a smoothing out statement by the Prime Minister. But this should be seen exclusively as a corrective to the completely exaggerated

scare campaign which was begun by, among others, the SF [Socialist People's Party] and a number of Social Democrats. According to them the government would almost intend to abolish the health, social and education sectors."

### Big Bad Wolf Frame of Mind

On 15 March the government appointed an officials committee with Section Chief Stig Sørensen from the Administration Department as chairman. It is, around the days in October when the Folketing assembles for a speech from the throne, etc., to be ready with a report. Stig Sørensen can totally confirm Henning Dyremose's impression:

"We have not gotten any change whatsoever in the directives the finance minister gave us in March and we are not, of course, going to be influenced by what is being said now through advertisements, posters, etc. We of course listen when the finance minister expresses himself publicly regarding these things. And it is true that during the inquiry debate in the Folketing regarding denationalization before Pentecost he dwelled on what denationalization should not be. But he tried exclusively to concretize the government's attitude and soften the 'Big Bad Wolf' frame of mind which had made itself heard in various contributions to the public debate. The frame of mind that had been struck there was almost that now the entire hospital system would be transferred to private hospitals and the social security system would be replaced by charity. It was this the minister intervened against for the sake of correction. This can of course--as POLITIKEN did in a headline--be perceived as a retreat in the government with respect to denationalization. Now that was not my impression and it is also not my impression that the finance minister himself or the prime minister perceives it thusly."

The campaign against denationalization is taking place with professional support. It is being carried out for 1.5 million kroner by the Bjørnbøl A/S advertising agency, which is not unaccustomed to conducting ideological propaganda, for it has the Social Democratic Party among its clients. The campaign includes private hanging of posters in commuter trains and at places of work together with advertisements in dailies and in BILLED-BLADET and SE OG HØR.

In the labor movement there has been some confusion with regard to who was invited to take part in the campaign and who was not. SiD [Semi-Skilled Workers' Union] President Hardy Hansen is one of the supporting forces, while Forgers' Union President Georg Poulsen is not taking part. It has been asserted in addition that Metal had not even been invited. Georg Poulsen can confirm this. "But," he says to WEEKEND-AVISEN, "we are not offended because of this. As a member of the LO's business committee I participated in voting for support being given to the campaign on an LO basis."

The course is not described as being so friction-free from other quarters. But it is obvious that the moment's two opposing poles in the Danish labor movement, Forgers' Union President Georg Poulsen and SiD President Hardy Hansen, did not want to add this matter to the numerous controversies they already have.

Denationalization has been placed in its real economic context by the newly appointed sage, Ebbe Yndgaard, professor in econometrics at Århus University.

He tells WEEKEND-AVISEN that if efficiency and not attitudes is the yardstick, there are large sections of public activity which will be unfit for denationalization. This relates to the entire distribution mechanism, besides the big infrastructure investments like railroads, ports, the education system, etc. Whether in other areas it can pay to move the activity from the public to the private sector depends on an efficiency consideration in each individual case. It will, however, in any case strengthen the market mechanism, he points out, if denationalization takes place. As far as the public sector is concerned, as we know, there are not many around to make an offer, and therefore no supply competition, Ebbe Yndgaard says.

8985

CSO: 3613/153

## FINANCE MINISTER COMMENTS ON MONETARY POLICY, INVESTMENT

Helsinki HUFVUDSTADSBLADET in Swedish 16 Jul 83 p 9

/Article by Katarina Koivisto/

/Excerpts/ It can be asked if society or the leaders of the business community should take the responsibility for the high level of business indebtedness," Finance Minister Seppo Lindblom says. He is of the opinion that the currency and interest policies of the Bank of Finland have been more lax than stringent, and that has been one of the reasons for the high level indebtedness.

"On the other hand, Finnish society is so constituted that investments are financed by loans and not with its own capital. Business leaders should be able to see what investments will give a sufficient return."

Lindblom says in response to industry's concern over interest rates being increased only that investments have been made on lax grounds if a company takes out a loan and hopes that inflation will see to that the company avoids paying any real interest. He believes that is not a sound policy.

During the decade of the 1970's the rate of investment by business was high, and Lindblom says that it is not to be imagined that all this investment would have been made with its own capital. But the Bank of Finland's monetary and interest policies must be today more stringent rather than looser, opening the gates seems perhaps easiest but it is poor policy in the long run. A more stringent monetary policy will make businesses think through their investments in another manner and consequently make them more profitable.

## State Corporations in Same Situation

State corporations should in principle operate on the same business economic basis as private companies," Lindblom says. He admits in any case that state corporations have had a slower pace of financial recovery and that there is a need in this area.

"But opinion is often one-sided when state corporations are involved. If state corporations do poorly, people are immediately ready to criticize. On the other hand, if things go badly for private companies, people wonder what has led to the poor result. Private companies often get more sympathy."

Otherwise he is of the opinion that Finland is managing its state corporations well. They get help with basic capital when large investments are needed; but otherwise it is not usual, as in many other countries, to keep hopeless companies going with state funds.

"And if for example employment stipulations are placed on state corporations, it has to be understood what that means economically," Minister Lindblom points out.

#### Industrial Policy Is Resource Policy

The minister defines industrial policy as a kind of resource policy. It involves keeping industry's resources, financing, raw material and manpower in good condition. Industrial policy is long-range. That is the greatest difference between it and public economic policy. Actions in the one sector also influences the other.

Industrial policy should also be able to determine what and which industrial branches will be profitable in the long run.

If the structure of industry is to be changed, it takes decades and requires good planning. Seppo Lindblom is of the opinion that we have too few just such planners in our country. The ministry of finance should have a role as just such planners but experts are lacking. The task of the ministry is, nevertheless, to try to guide the development.

#### Growth Will Cost More

Seppo Lindblom verifies that energy and growth costs more today than it did earlier. He believes it is quite realistic to contemplate an annual growth of four percent in the next years. He points out that it is nevertheless a matter of a small increase.

"We must adapt to slower growth. Already a little decline in the GNP is reflected in growing unemployment figures. Today we are moving towards more leisure and high technology."

The minister is of the opinion that current growth is limited by both energy questions and the environment. Price developments in regard to petroleum have been quite stable now, but as soon as economic growth accelerates a little in the United States and western Europe, oil prices will skyrocket again.

Lindblom is looking for knowledge, not just attitudes, among the people just here when growth, energy questions and environmental questions are involved. Something will have been achieved when people become aware that there is a conflict between building up industry and preserving the environment.



## Nuclear Energy Good

Lindblom believes that the nuclear energy debate should involve the new atomic energy law and not the fifth nuclear power plant. In any case, he says that nuclear power should not be excluded as a matter of principle. The main thing is to get energy at a strongly competitive price.

"When we today talk about building a nuclear power plant, it is one which will be needed in 10 years, and calculations of energy needs are based on a 10-year forecast. In any case, I have had to learn that it does not pay to get excited about things that are so far in the future, for forecasts rarely hold over the long run."

There is at the moment an overcapacity in energy production, but Lindblom says that the situation has to be studied all the time so that merely increased energy prices do not affect negatively industry's ability to compete.

He believes that it will be easier to discuss energy supply and nuclear power when the new atomic energy law is being considered. In his opinion nuclear power is not the least dangerous to the environment.

## Intoxicated With Growth

Seppo Lindblom was finance minister just under 10 years ago, and the minister has changed with the years, at least in appearance. But what about factual questions: How are things today, how were they in 1972?

"People on the whole then were not talking about energy and lived in a state of intoxication with constant growth. Now the main emphasis is on energy questions, and people realize that energy and environment are societal and global problems. Energy technology has also become a new topic for discussion.

"Ten years ago people in Finland did not have any uneasiness about keeping up with technological development," Lindblom says.

"There is also today the conflict between peaceful use of nuclear technology and the nuclear technology which develops more powerful weapons," the minister says. "The threat of a big war is now felt stronger.

"Ten years ago one of the problems also was to limit business' big investment. Today, it is if anything exactly the opposite--it is a question of seeking investment objectives. Industrial conditions have changed in many ways."

6893

CSO: 3650/155

## ECONOMIC RECOVERY NOW SO STRONG THAT STATE AID NOT NEEDED

Helsinki HELSINGIN SANOMAT in Finnish 20 Jul 83 p 2

[Editorial: "Economic Growth No Longer Needs State Support"]

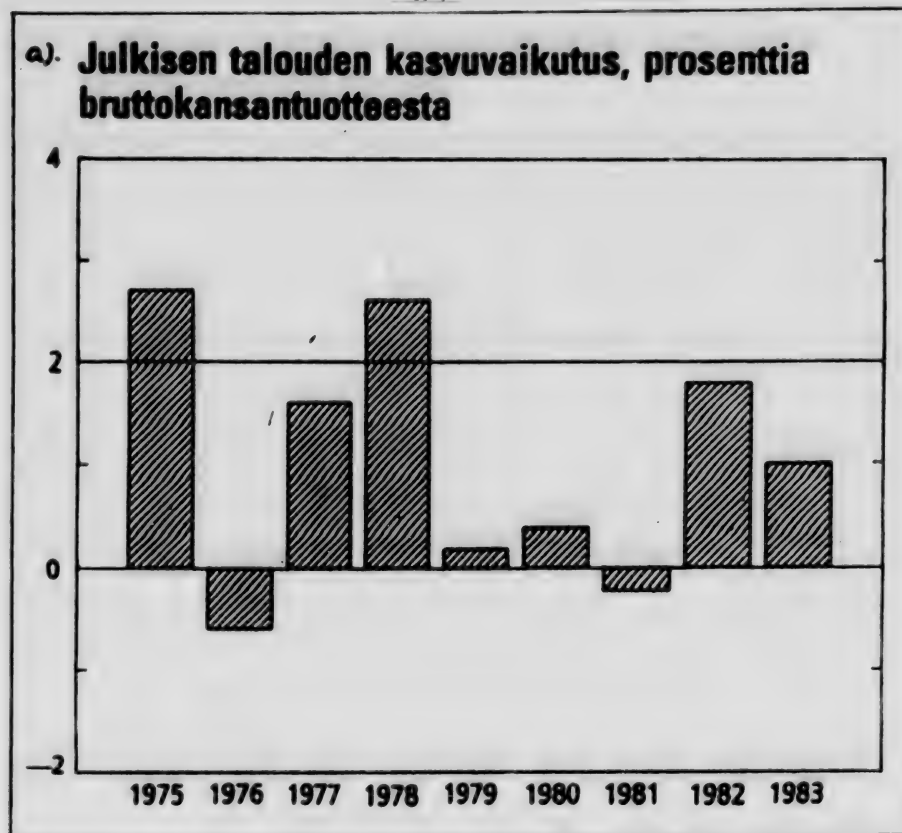
[Text] Finance Minister Ahti Pekkala has announced that next year's budget proposal will be compiled on the basis of an inflation rate of 6 percent at the most. This will mean that a heavy hand will be used to reduce the expenditures of the ministries.

Indeed, the pressure for increasing expenditures is great and, on the other hand, strict limits have been placed on increasing the revenue base: according to the government's program, the tax level cannot be increased even one more percentage point before 1986. The government has promised to support the deceleration of inflation by means of its payments policy. Also the government will attempt to reduce the level of borrowing.

An economic upswing next year will naturally increase state revenues and reduce its expenditure needs. However, it will not be sufficient to accomplish the established goals. Any reduction of these goals would, on the other hand, mean upsetting the balance of the whole national economy and increase difficulties in future years. There is no reason to rule out in advance the accomplishment of these goals. The wings must be clipped from inflationary expectations, in particular, for psychological reasons alone. They have a strong tendency to become reality.

Recent foreign experience has demonstrated that the rate of inflation can be slowed down even rather quickly. Inflation in the leading industrialized countries is advancing at an annual rate of approximately 3 percent. The inflation rate is still at a much higher level in Finland. It is possible to achieve a lower level of inflation here also with our own measures. Indeed, an economic upswing provides opportunities for tightening up an economic policy that is feeding inflation.

The real growth of state expenditures this year and last year has been more than 10 percent, which has meant a forceful stimulant to consumer demand also. On the other hand, an economic upswing requires measures on the part of the state economy to limit demand for the purpose of restraining inflation. Halting the growth of expenditures at 2 percent is not particularly dramatic even though it will be eaten up by the increase in debt management costs.



[Caption to above graph: During a period of economic growth the state must must restrain the growth of the national product and during a period of economic decline it must encourage it. The graph indicates how the state economy has influenced development in different years. Last year growth was dependent on increased state spending. This year the state continues to support growth development, but there will be no need for this next year according to the market predictions.]

Key:

- a). The effect of the public economy on growth, percent of Gross National Product

Indeed, the state has managed to obligate itself to certain tasks increasing expenditures. Also agricultural overproduction and national pension obligations increase financing pressures. The fact is that even previous allocations are not sufficient so that the schedule for reforms already agreed upon must be adjusted. In spite of everything, budgetary factors must not result in unreasonable actions or oppress the very weakest.

The results of this week's budget discussion by officials of the Finance Ministry will resolve many issues. The pressures for changes in the other ministries and subsequently in the government's treatment of the budget are great.

Naturally, the majority of these pressures will be disposed to increasing state spending. Therefore, it is all the more important that the Finance Ministry now plug up as much as possible all those holes in the public trough which will not give rise to political passions. The final political result must still be such that it will also help the various interest group lobbies to behave in a manner that will support a deceleration of the inflation rate.

It is of no benefit to the effort to balance our economy if the Finance Ministry is seen only as a malevolent superministry, which must be opposed. Now it is better to proceed from the concept that improving the overall balance of the state economy is a common cause which cannot be accomplished easily.

10576

CSO: 3617/156

## FINANCE MINISTRY FORESEES SLOW DOWN IN ECONOMIC RECOVERY

Helsinki HELSINGIN SANOMAT in Finnish 20 Jul 83 p 19

[Article: "Year Long Economic Upswing Slowing Down"]

[Text] The Finance Ministry is recommending a tighter economic policy and is also hoping for measures that will limit demand in next year's budget. Our country's production- and employment development has been internationally quite favorable for nearly a year, but the rate of growth is now slowing down, states the ministry in a recent economic report.

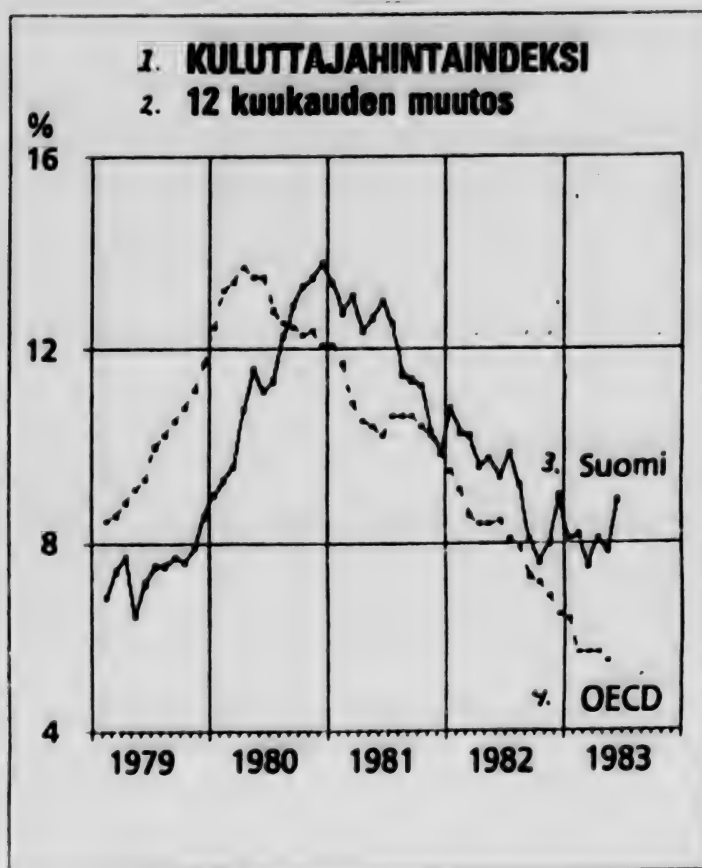
The ministry estimates that tightening up economic policy now comes at a rather suitable time since the international markets are improving. In this way the worst production- and employment losses can be avoided particularly if expenditures are restrained by income- and pricing policy measures in addition to regulating demand.

The good economic development of the past year will now be slowed down by, among other things, the fact that consumer demand, which has increased along with the price freeze and the increase in the sales tax, has now subsided to a normal level. The elimination of the investment tax is no longer accelerating construction and the finance markets have become tighter since the political change in the spring. The increase in the sales tax is tightening up financial policy, which until now has been directed at economic recovery.

Total production increased last fall in a clearly more forceful manner than preliminary data previously indicated, but the increase was based on, among other things, consumer demand and a monetary and financial policy designed to stimulate the economy. Lasting and stable growth, on the other hand, would require more exports to the West, which is not yet in sight.

#### Exports to West Picking Up

Production in the manufacturing industry in January-April was at nearly the same level as a year ago. The processing of wood products in the forest industry increased, and the decline in the production of paper and pulp came to a halt. Production in the metal industry increased slightly, and production decreased primarily only in areas producing consumer goods. Industrial production will probably increase slightly toward the end of the current year.



Key:

- |                         |  |
|-------------------------|--|
| 1. Consumer price index | 3. Finland   |
| 2. 12-month change      | 4. Organization for Economic Cooperation and Development |

The value of exports increased 10 percent in the period of January-May over the corresponding period last year. The number of ship deliveries continued to increase rapidly in the metal industry, but exports in this area will begin to fall off toward the end of the year. The amount of exports in the forest industry decreased in the first half of the year, but it is expected that forest product exports will increase as exports to the West increase.

However, as exports to the West pick up, exports to the East will decrease at the same time, states the report. In the first half of the year commodity exports decreased somewhat in comparison with the previous year, and export growth for the whole year will probably remain small.

In January-May the value of imports increased 13 percent over the same period last year. Durable consumer goods as well as machinery and equipment were imported in greater amounts than a year ago. During this period the balance of trade showed a surplus of 600 million markkaa, and it is expected that it will be more or less balanced for the whole year. The balance of payments, for its part, will show a deficit.



Prices in Finland have clearly increased more rapidly than in competing countries. Consumer prices increased 5.8 percent from December of the previous year through June of the current year while the increase in Western industrialized countries was 3 percent. The increase in the sales tax, new increases in wages, and the farm income solution in the fall, among other things, raised the level of prices.

Pressures resulting from the devaluations will most likely continue to be reflected in prices to the degree that the competitive situation will allow. All in all, it is estimated that consumer prices will increase approximately 10 percent this year or the same amount as last year.

The Bank of Finland has gradually begun to tighten up its monetary policy. The funding of the central banks and the additional interest costs caused by it have clearly increased, states the report.

#### Unemployment Will Remain at 6 Percent

Both the demand and supply of the labor force have definitely fallen off. The employment situation has been better than expected this year, and the average level of unemployment for the whole year will increase only slightly over last year. Thus it is estimated that it will remain at 6 percent, which is 1 percentage point less than what was predicted at the beginning of the year.

This year state revenues will increase at a rate clearly less than expenditures. Gross financing needs this year will increase to 12 billion markkaa while this same need was 7.9 billion markkaa last year.

10576

CSO: 3617/156

## LABOR MINISTRY REPORT SEES CONTINUED HIGH UNEMPLOYMENT

Helsinki HELSINGIN SANOMAT in Finnish 29 Jul 83 p 21

[Article: "Unemployment Will Not Decline in This Decade"]

[Text] Unemployment will not decrease at least before 1990. In the worst case it will even exceed 10 percent if the growth of total production remains at a meager 1.5 percent annually.

A Labor Ministry report published on Thursday, which predicts the supply and demand of the labor force, contains two alternatives, one based on a more rapid economic growth and the other on a slower economic growth. In the rapid growth alternative total production would increase at an average annual rate of 3 percent until end of the decade.

Even with this kind of growth unemployment would still persistently remain at the present level, approximately 6.5 percent. The number of unemployed would be 170,000 people.

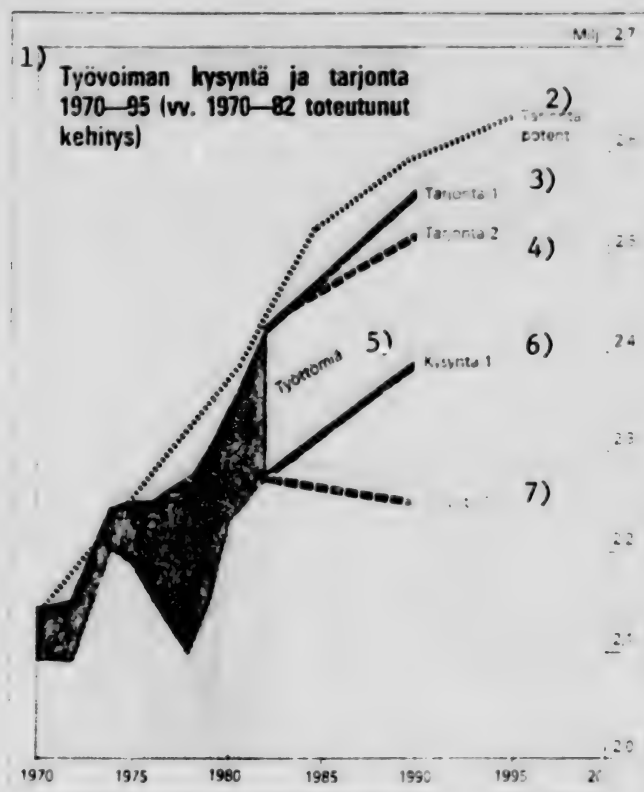
In the slow growth alternative the armies of the unemployed would swell to 270,000 in 1990.

"The Labor Ministry hopes that neither one of these alternatives will become a reality," states Pirkko Aulin-Ahmavaara, director of the research group, in talking about these dismal figures.

The work group studying the demand of the labor force believes that the number of employed will increase by approximately 110,000 in the event of a more favorable growth rate.

"The growth of demand would continue to be concentrated in the service professions. However, the amount of the labor force needed in the service industries will be clearly less than in the 1970's. All in all, services will provide 150,000 new jobs," estimates the compilers of the report.

The additional need for a labor force in the processing plants will not be very great, only approximately 10,000 people.



Supply 1 and demand 1 represent development of the labor force if total production increases at an annual rate of 3 percent. Supply 2 and demand 2 represent a 1.5-percent economic growth.

Key:

- |   |               |
|---|---------------|
| 1. Supply and demand of labor force 1970--95 (actual development in 1970--82) | 4. Supply 2   |
| 2. Potential supply   | 5. Unemployed |
| 3. Supply 1   | 6. Demand 1   |
|   | 7. Demand 2   |

According to the prediction, the reduction of the labor force in agriculture and forestry is clearly slowing down.

An exceptionally large increase of 160,000 people will occur in the potential supply of the labor force in the beginning of the 1970's [sic]. What is meant by potential supply is a supply of the labor force which would be realized in a good employment situation or unemployment being at approximately 2.5 percent.

Even though unemployment will remain high even in the future, changes will occur in the composition of the unemployed.

"The proportion of the young labor force is declining, which will alleviate youth unemployment. On the other hand, the position of older untrained workers will become weaker," estimates Aulin-Ahmavaara.

In order to make a prediction, the working group makes up an outline of future prospects for actual labor policy decisions.

"For example, the acceleration of economic growth alone will not necessarily eliminate unemployment. Many structural factors in the unemployment picture also require training- and social policy measures on the part of some segments of society," states Section Chief Lauri Korpelainen.

The report does not offer any means for reducing unemployment.

Department Chief Taisto Heikkila sees the reduction of the work week, however, as one significant means of fighting against unemployment.

"In the prediction it is assumed that the work week will be reduced by an annual rate of approximately 0.6 percent as in the 1960's and the 1970's. I feel that a perceptible reduction of the work week would be an essential factor in fighting unemployment," believes Heikkila.

10576

CSO: 3617/159

## FINNISH FIRMS IN IRAQ ASKED TO WAIT FOR PAYMENTS

Helsinki HELSINGIN SANOMAT in Finnish 26 Jul 83 p 19

[Article: "Iraq Owes Nearly 400 Million Markkaa to Finnish Firms"]

[Text] At this time Finnish firms have 390 million markkaa worth of overdue accounts receivable in Iraq. Inasmuch as these funds are not received from Iraq in the next few months, the accounts receivable of more than 10 Finnish contractors will increase to nearly 500 million markkaa by the end of the year. The sum of the accounts receivable began to accumulate quickly last year.

Assistant Director Erik Hellen of the Export Securities Institute believes that the money owed to Finnish firms for completed projects or projects still in progress will be regained from Iraq within 3 years.

"We are convinced that Iraq will pay its account. Iraq is experiencing funding problems for understandable reasons. Iraq's oil income has been reduced temporarily because of the war," states Hellen.

According to the decision of the Export Securities Institute, no new contracts in Iraq will be guaranteed unless the situation changes essentially in that country.

The Export Securities Institute has to date guaranteed nearly all of the projects currently under construction in Iraq to a limit of 80 or 85 percent. According to Hellen, VTL [Export Securities Institute] has been the guarantor of nine out of ten Finnish firms which have rushed after Iraq's "flood of dollars". Only a few small firms have entered these subsequently atrophied markets with their own means without any state guarantees.

According to Hellen, VTL will only pay uncontested accounts to Finnish firms which have remained without contractually sealed dollars.

"Our practice is that we will only cover such uncontested accounts receivable which are more than 6 months overdue," states Hellen.

According to him, the Iraqis have, however, contested a large portion of the accounts receivable so that the situation of the different is quite complex

and a separate study must be conducted before any compensation payments can be made.

The Export Securities Institute has already received several compensation applications from Finnish firms. "Presumably, we will be paying the first 80-percent shares of the overdue accounts of a few firms in accordance with our agreement by the end of this year," estimates Hellen.

Last year VTL had to pay Finnish firms 132 million markkaa in compensation for unpaid accounts in foreign countries. This year the sum had already climbed to 112 million markkaa by June.

As far as last year's accounts receivable are concerned, the risk countries were Poland and Turkey, but now warring Iraq is also ruining its own reputation. The Export Securities Institute's first compensation payments for unpaid Iraqi accounts will fall due this year during which the total payment of compensation by VTL, which is supported by taxpayers, will climb to more than 200 million markkaa according to estimates.

#### Lohja's Difficulties the Most Serious

Among the Finnish firms which are awaiting payments from Iraq's depleted treasury, the Lohja Corporation is in the most serious trouble. At this time Lohja's overdue accounts amount to approximately 50 million markkaa. The company's problem is that Lohja's accounts receivable left over from the VS companies are being contested by the Iraqis and are nearly all subject to dispute.

Lohja's contract jobs, which employed 300 Finns at the most, are for the most part ready to be turned over to the Iraqis, but it seems that the company's client has disappeared into the sand. According to the information Lohja has, the Iraqis have officially requested a postponement of their payments.

Also the joint contract entered into by Perusyhtymä and Vesto in Bagdad has left the companies with a total deficit of approximately 280 million markkaa.

However, the firms have been able to reach a preliminary agreement with the Iraqis in the last few weeks on a postponement of payments on a project that will be completed at the end of next year. An agreement extending the payment period for another 3 years will be signed with the Iraqis in the near future.

The AS-Group formed by the Sahkoliikkeit Corporation and the Are Corporation has a subcontract in Iraq worth approximately 500 million markkaa. The planning work for three garrison towns entails a project sold to the AS-Group from the bankruptcy estate of the VS-companies.

According to Managing Director Matti Laakkonen, the payments due from the work completed were transferred to the account of the joint company in accordance with the agreement since the AS-Group is a subcontractor of a Yugoslavian state-owned firm responsible for the primary contract.



Other companies demanding payments from Iraq are, among others, Kone, Nokia, YIT, Naaraharju, and the construction association Irco, which participated in the the construction of the famous congressional palace in Bagdad.

10576

CSO: 3617/159

## ECONOMIC IMPROVEMENT IN IRAN MAY BENEFIT FINNISH FIRMS

Helsinki HUFVUDSTADSBLADET 21 Jul 83 p 9

/Excerpts/ Iran. A country where the current situation can hardly be called stable. Society still bears considerable traces of the Khomeini revolution, and the war with Iraq is straining the country's finances. Yet the economy shows signs of recovery, and the market once again appears to be lucrative. The majority of Finnish firms, however, still have a cautious attitude.

## Economic Risk

Finnish firms have the possibility of participating in the recovery. Some time ago the Jakko Poyry Company was able to make known that Iran had paid two-thirds of the demands on the country.

The firm indicates that there are certain signs that an agreement can be reached, and negotiations are going on.

Assistant Managing Director Prepula in the Foreign Trade Association asserts, however, that Finland's trade with Iran has never reached the trough of economic depression. It was only the exportation of projects which ended, but there is now again a belief that this will also revive.

The exportation of goods has remained for the whole time on what can be considered a satisfactory level. This means that Finland's exports to Iran last year reached 486 million marks. During the period January-May this year the value of exports was 172 million marks compared to 127 million during the same period last year. With last year's result Iran is number 16 among the countries to which Finland sends exports. It is primarily the Finnish paper and wood products industry which has kept itself in the fore. Deliveries have been made only against letters of credit.

But large projects at any rate are not expected for some time. Finnish firms hesitate at the economic risks. There is indeed a majority of willing exporters but they want to transfer the risk to the public authorities.

"The Finnish firms are keeping their eyes open for both continued trade in goods and for possibilities for new eventual projects," Assistant Managing Director Prepula says.

### Projects Not Cleared-up

The Export Guarantee Institute verifies that the experience in the sale of goods to Iran is certainly good, but no guarantees for the export of projects will be granted as long as there are uncleared-up projects.

There is no possibility of going along with new guarantees as long as there are no settlements regarding the projects not yet paid for. The motto is: No new projects as long the old are unpaid.

6893

CSO: 3650/155

## BRIEFS

INDUSTRIAL PRODUCTION RISES--Industrial production increased 6 percent in May since May of 1982. Production for the first 5 months of this year was 1 percent higher than a year ago. This data is based on the volume index of industrial production calculated by the Statistical Center. The monthly index for investment goods increased 6 percent in May, 6.5 percent for other production commodities, and 4 percent for consumer goods. The wood- and paper industry index increased 10 percent, the metal industry index 4 percent, and other industry 7 percent. In May of this year there was one more work day than in May of 1982. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 20 Jul 83 p 19] 10576

## NEGATIVE RESULTS SEEN IN CIVIL SERVICE JOBS CREATION

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 23 (1518), 9 Jun 83 p 7

[Article by Giannis Dimitriadis: "New Positions, but Not in the Civil Service"]

[Text] According to statements by the authorities, the Greek government provides for the establishment in 1983, among other things, of 13,000 new positions in the civil service to lessen unemployment and to fill positions that are provided for by certain programs. At the same time, with the help of the EEC, it has started to operate a program for the establishment of new positions in the private sector under the guidance of the Organization for the Use of Labor Potential.

We have certain observations regarding the planning of this policy. At least it has become evident that we do not agree with its "spirit."

First observation. The present correlationship of labor positions in the civil service sector and the private sector has not been transferred proportionately to the unemployment programs. As far as we are concerned, this is a mistake. This means the maintenance of the productive procedures in the civil service that have begun to disappear from the entire world because of the dynamic importation of technology. This way the Greek government appears to have rejected the most modern productive methods at the lowest cost (therefore it has rejected competitive methods).

Second observation. The increase in the number of civil servants is being affected without first having done a rational reapportionment of those who are now serving so that the superfluous ones can be absorbed by the sectors that have a personnel shortage. One of the justifications that have been mentioned are that with the new system, decentralization will be achieved without making waves, since care has been taken to assign the new employees to the provinces to man the newly created "decentralized" services there. But these services maintain their headquarters in Athens. This way, however, it is certain that the "procedure" that will transfer them to Athens will be set in motion immediately after their assignment. The only gain from the existence of positions in the province will be to remove those who from time to time do not agree with the government in power.

Third observation. The "social interest." This is a powerful answer in the dissension regarding the expansion of the civil service sector. Social interest that is supported by the decrease in unemployment. We are talking about the "Government of Providence." But at what cost? Financial and social. Even though it cannot be calculated yet, the financial cost will not cease to be significant if two parameters are taken into consideration: The low productivity of the Greek civil servants. And, the absorption of funds that could have been made available for developmental-productive projects. The social cost in this case is not smaller. First of all, because the increase in the number of civil servants during periods of crises suggests to the unemployed, especially the young people, that the only steady and profitable occupation is civil service. We have experienced in Greece the birth and growth of this mentality that encouraged the "successful ones" during the postwar period to use every means at their disposal to gain a position in the civil service. A second negative reaction: The feeling of injustice that is born in the Greek people, let us not hide it, that considers (perhaps in exaggeration) the civil service servants as "eternally established." What will they think with the increase in their numbers?

Fourth observation. Even though it has become more or less clear that the Greek government is following its own path, do the examples of the other developed European nations leave it indifferent? Because no EEC country has attempted to solve its unemployment problem by establishing new positions in the civil service. The entire burden fell upon the increased productive and export effort for the recycling of the economy so that either the extinguished chimneys will operate again or new industries will be established. Or, for the professional reassignment of the workers so that they can measure up to the challenge of our era: the new technology.

Would it therefore be wise to reexamine the establishment of 13,000 new positions in the civil service? And to adapt this program to the new circumstances that change the face of the world? And also to combine the efforts for the importation of the new technology to Greece upon which many things will depend in the near future?

9346

CSO: 3521/363



## GOVERNMENT'S POOR ECONOMIC PLANNING REGRETTED

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 22 (1517), 2 Jun 83 p 3

[Article by Giannis Marinos: "There Is a Communication Problem"]

[Text] Unanswered questions and a generally negative reaction, even by those who benefited, were caused by the unfortunate initiatives of important government authorities that resulted in worsening the already low productivity of our country.

After the devised transfer of holidays, unprecedented in international annals, that ended in closing all businesses in Greece for 1 week during Easter week, we now have a new pioneering initiative. The Ministry of Zoning, Housing and Environment that is filled with inspirations, proposed that 100 industries in the Attica plain be shut down for 2 months to lessen the pollution of the atmosphere, even though it knows that the automobiles are primarily responsible for the pollution, especially the government vehicles:

This way, industrial production will be interrupted for 2 months, while the workers and employees of the industries will get 2 month paid vacations and the entry of an item for the establishment of a gained privilege that they will hold on to with their teeth during the coming years with the known method of strikes that, in addition to other things, will prolong their vacations (usually with full pay) for at least another month.

When we read this information in TO VIMA of 15 May 1983, we noticed that it was placed immediately after the speeches of Mr A. Papandreou to the political editors and to the people of Komotini. These speeches contained exhortations filled with emotion and persuasion for the need to work 8 hours a day for 5 days a week to stop the continuous drop in our industrial productivity.

"If," the prime minister said characteristically, "every one of us does not produce the maximum possible during the 8 hour work day, we will have a hard time on the whole in our competition with the others."

Now how can this exhortation be blended with the transfer of the holidays, with the private schools not operating for months, it being considered unnecessary that they extend the school year, with the entire ministerial

council and the rest of leadership of the country going down every other day to bid farewell or to welcome back our prime minister who is compelled to travel continuously or our arriving and departing high level guests, and other such things are a question to which at least we cannot find a convincing answer.

The prime minister also added quite eloquently and correctly to his speeches that:

"If the industrial sector in Greece is not protected, Greece will not be able to stand on its feet as a country with its own self-powered development."

If the shut down of 100 industries of the capital for 2 months by minister Mr Tritsis comprises protection of the industry, we do not know it. The news item said that it was being negotiated with the industrialists. What we know, however, is that when an industry is shut down, it does not produce goods. And because, even though it does not produce any goods it pays all of its bills (wages, taxes, etc.), this means that its annual production costs go up and consequently its competitiveness is lessened. Thus we do the opposite of what is necessary "to have Greece stand on its feet."

Besides, we forget something else that perhaps escapes these devisals, that their declared intentions are one thing and unfortunately end up in the opposite direction. The shut down of the industries and consequently the disruption of industrial production, in addition to worsening the difficulty of the problem and steadily increasing them, entails the reduction of the national product and consequently the reduction of the national income. Thus this reduction that is caused not only by the productive and investment "inertia" of the industrialists, but also by the different administrative decisions when added to this year's drop in agricultural production and the extended drought and the freezing temperatures of the winter, should very probably be considered possibly to bring about a zero increase in the national product, if not a decrease. Of course this will not be found in declared or secret wishes of the government.

Right off the press: Finally common sense prevailed and only 60 industries will shut down for only 20 days. (I KATHIMERINI 25 May 1983.) The fact, however, that such a proposal was made and could have been approved keeps the worth of our observations intact.

We should, however, note that for the first time our prime minister justified indirectly the investment inertia of private initiative, after acknowledging that the government had not yet worked out and announced the rules that will affect the investments and the rules of the game. Specifically, he said:

"It is my hope and wish that during the second half of 1983 the new rules we are setting for investments will filter through. The industrialists will have understood what we are asking for and where we are going finally and similarly what we expect from them."

And it is natural for the industrialists not to know where the government is headed for, not only because the rules affecting the investments have not been announced yet, as the prime minister said, but also because the famous 5 year developmental program from 1983(?) - 1987 has not yet been formed and announced (only its preliminaries are ready, but their announcement is being delayed for unknown reasons, with the result that not only the Greek investors, but also EEC, any foreigners who may be interested, are waiting uneasily until it is made public). And even because the new institution of supervisory committees with the indefiniteness that surrounds their authority and with the justified concern it created for the business people regarding important interventions in their authority, has not been defined in terms of what it will be and how it will operate.

The prime minister promises that all(?) of these things will be clarified during the second half of 1983 and that during this period there will be a substantial increase in investments. We wish--everyone wishes it--that the former will occur, but logic creates doubts about the latter. Because the decision for effecting investments does not ever mean their immediate implementation. Even if we suppose that the relevant studies were ready or that through a magic formula they would be secured in 24 hours, there are serious doubts that the banking system and the public administration would respond with the necessary relative speed. Because in this case even a miracle would not work. At the very end let us not forget that the heat has already started and we are in view of summer vacations. Besides, it remains always inconceivable why the long announced materialization of certain government productive investments has not occurred. It would have given a push to the economy and it would have absorbed unemployed people.

Besides, the prime minister, always speaking the language of sincerity, seemed to share the problems of the industrialists regarding labor union matters.

"I feel," he said to the industrialists, "that our labor union legislation creates special difficulties. They tell us that this sector is their basic subject, their basic problem."

This observation is realistic and brave. And perhaps it would not have been necessary to make it, and consequently these problems would not exist in industry, our economy, and the government, if the latter would not have been in such a hurry to implement its social program that in addition to the drop in productivity and competitiveness and consequently the worsening of our economy has brought us unexpected results that were the opposite of what was intended. In other words, social turmoil instead of social peace and progress. When, as generally accepted, the labor union movement in Greece was almost nonexistent (and consequently immature) up until the recent elections, it was impossible to achieve in one night the virtues that would make it capable and cooperative with the internationally more progressive labor union law, as the anti-330 was described. In a series of our articles last year, very promptly and without evasion and embellishment, we had called attention to the dangers and had tried to have the government become careful of the trap it would be first to fall in. Unfortunately, they had not

thought that the strikes and the unreasonable trade union demands have their permanent origin almost always from the workers or rather the syndicates of the civil service sector that happens to be made up of the privileged workers as a rule, as besides, it was indicated by Mr Papandreou. Now all of us understand, first of all the government, that the labor union legislation and the bad labor union practices that have been nourished for more than 10 years and have become huge with the thoughtless tolerance and even the support of almost everyone is the main obstacle to mending the economy and increasing productivity, but even to bringing about the socialist program of the government that because of its nature does not provide for the maintenance and support of the position of the privileged employee/worker and productive classes.

To return to the beginning of the article, however, is there a real intention to improve the productivity and competitiveness of our economy? We believe that even the most perfidious opponent of the government would not dare to doubt it. Then why are such decisions made that undermine this target? Decisions that we could add very similar to those mentioned above, such as pardoning the administrative punishment of bad automobile drivers before the Easter holiday that resulted in letting these public dangers free to express, with the permission of the police, their anti-social activity. It would be difficult for one to doubt that the attitude of the drivers (to which Mr Tsokhatzopoulos attributed very correctly the large percentage of the Easter traffic bloodshed) would have been more prudent and less dangerous, if they knew that they were dealing with a government that respects the laws and enforces them with firm strictness, having been instrumental in enacting them.

And since the premiere of this year's fires has already occurred (many more worse fires are foreseen because of the extended drought), let us remind you that the legalization of non-authorized buildings that include many that have been erected in forest areas that by fate or fires become "lots," would encourage those who have promoted the creation of lots through fires or tree felling into a business affecting every forest or coastal area of our country.

It is evident that the greatest problem of our country has proven to be the inability of everyone to give the same meaning to the words we use. We say one thing, mean another, and do another. Those in government and those being governed and now and yesterday and for many years. There is also a very loose relationship between what we believe and what we do. There is a lack of coordination in attitude. Especially when this is the result of a collective effort. That Greece was the only country that had established a Ministry of Coordination was not a positive but a negative indicator. It was established because there was no coordination in the activities of the government. And unfortunately it did not succeed. Its abolishment confirms this, but it does not mean that the situation has been cured this way.

The problem of composite and coordinated thought, the existence of which undermines every effort toward progress by the opposite acts of close collaborators and fellow travelers for common targets has been a chronic ailment of the administration of our country, as well as of our people. It is true today. And unfortunately it is not being confronted, perhaps because it is not sufficiently recognized.

## SHIPS TO BE BUILT FOR PRC

Athens I VRADYNI in Greek 22 Jun 83 p 13

[Text] PRC ships will be built in Greece in accordance with an agreement that will be signed by the Greek representation led by the acting minister of National Economy, Giannis Pottakis, and the PRC government.

The agreement that will be signed on 25 June also provides for cooperation in the fields of agriculture, stock breeding and fish breeding as well as the purchase of fertilizer, agricultural machinery and building materials from Greece. The latter will be used by the PRC for technical projects in Middle East and African countries.

The PRC side made it known that it can supply Greece with large quantities of goat meat of prime quality (only 2 percent fat) and at significantly lower (20-25 percent) prices than those quoted by other countries.

9346

CSO: 3521/363



## MINISTERS, UNION CHIEF COMMENT ON WAGE CUTS, FOREIGN FIRMS

## Prime Minister Attacks Indexation

Copenhagen INFORMATION in Danish 24 Jun 83 p 2

[Article by Jens Holme: "Nonsocialist Majority Government in Iceland Challenges Wage Earners"]

[Text] Drop in real wages of 28 percent and 8-month halt to negotiating rights in the labor market.

Reykjavik, June. The newly formed nonsocialist coalition government between the two largest parties in Iceland, the conservative Independence Party and the liberal Progressive Party, has from the beginning used drastic means to stop the galloping inflation.

With help of provisional laws--the Althing has not yet been called into session since the elections of 23 April--incomes policy measures have been taken on wages.

The negotiating rights in the labor market have been abolished until 1 February 1984 and the automatic adjustment of wages is suspended for 2 years.

A cost-of-living adjustment of 22 percent which was to have been effective on 1 June is cut in more than half, or to only 8 percent. On 1 October, a wage increase of 20 percent was to have taken place, but the government decided that it can only be 4 percent.

The Icelandic labor movement had calculated that the wages should rise by 40 percent if the real wages were to be maintained at the 1982 level. The drop is therefore 28 percent.

Less astonishing is that the government has also decided to devalue the Icelandic krona by 14.6 percent so now it amounts to only one-third of the value of the Danish krone. This is the third devaluation in a year. Since 1 January 1981 when two zeros were cut off, the value of the krona has decreased by over 80 percent in relation to the average value of foreign currency.



## March Toward the Precipice

The reason for the government's powerful and quick initiative was something that can be compared to a quick march of Iceland's economy towards a precipice. To be noted, a more serious and far deeper precipice than the one certain Danish politicians from time to time toy with.

After years of having had prolonged and high rate of inflation of around 30-40 percent annually, the situation developed into a grotesque situation in 1982. Inflation rose to over 60 percent and, according to economic experts, would have reached between 130-140 percent this year if nothing had been done.

The new prime minister, 54-year-old engineer and chairman of the Progressive Party Steingrímur Hermannsson, does not hesitate to say that it was Iceland's economic independence that was at stake when the government stepped in.

The National Economic Institute has put the writing on the wall in its most dismal forecast up to now. The institute forecast a drop in the gross national product of almost 6 percent this year. Foreign debts have already reached 48 percent of the GNP. The country's burden of payment is enormous. Every fourth earned krona goes for repayment of long-term foreign loans and it would only get worse and worse said the economists who recommended the most powerful reorganization of the economic policy.

The struggle of economic life to keep in step with the record-high inflation and the fish failure which occurred at the same time, was reflected in the fact that it was possible to measure the unemployment for the first time in 15 years. In a short time it rose from 0.4 to 2.5 percent.

## Fish Disappear

The prime minister's economic adviser, Thordur Fridjonsson, explains that the economic difficulties are the results of the drastic collapse in fishing. The most important fish species for Icelanders, the capelin, has suddenly and unexplainably disappeared. This meant that the total catch dropped from 1,450,000 tons in 1981 to 77,000 tons in 1982.

So far there is nothing that indicates that it will be any better this year. Marine biologists, to the contrary, warn against the fishermen trying to compensate by overfishing other species of fish. Cod seems primarily to be on the decline because of overfishing.

The state support of fisheries is already a great burden for Icelandic society. Fishermen are guaranteed a minimum income which is equal to that of industrial workers, and when it was estimated that the Icelandic fishing fleet is at least twice as large as necessary in relation to the catch quantity, the state must inevitably step in with a large sum.

Farmers enjoy a similarly favorable arrangement. Without displaying much effort to rationalize and modernize, they can at intervals look ahead with confidence to receiving a check from the state.

According to Economics Professor Thrainn Eggertsson, the Icelandic economy is interwoven into a net of automatic adjustments and indexations. A wage earners' income is adjusted when the prices rise and after that fishermen and farmers want more also. This means that the price of fish and agricultural products rise and in order to manage in the export markets, the government is forced to devalue. But that leads to rises in the prices of imported goods and releases a wage adjustment anew and the carousel can continue.

That everything went particularly wrong in 1982 and continued so this year can be blamed on the extraordinarily high exchange rate of the dollar, as well as the aforementioned drop in income from the fisheries, according to the professor. Import and public and private consumption did not drop correspondingly.

#### Away With Automatic Adjustments

Steingrímur Hermannsson tells INFORMATION that the goal of the government is to do away with all economic adjustments and indexations.

"But the prerequisite is that we come down to an acceptably low inflation tempo. Currently it is the government's intent that the inflation be brought down to 30 percent on annually before the end of the year. The next step will be to bring it in line with that of other western countries," he said.

"The fisheries have provided 75 percent of our foreign currency income, and in the future we must adapt our needs according to what the fishing sector can provide. Up to now we have, almost independent of economic realities, decided the volume of our consumption and then afterwards ascertained whether we in fact could afford it or not."

The prime minister underscores that the government could not do anything but let the wage earners pay the bill.

"It had come to that under any circumstances. Even without any measures, the purchasing power would have been undermined and in addition there would have been the risk of great unemployment."

Steingrímur Hermannsson adds that the government will try to help the people with the lowest income and the economically hardest hit, partly by raising the minimum wages and partly by expanding support to families with children.

Furthermore, special plans are being implemented for young families who recently have purchased a house, relying on wages at least keeping up with the inflation.

Moreover, the government has held out the prospect of a general relief of direct taxes. That is viewed as the sugar-coating necessary to get the labor movement to swallow the bitter pill.

The prime minister does not hide the fact that he is nervous about the reaction of the labor movement. The government stands on such weak legs that strikes or any other union unrest can make it collapse like a house of cards.

The government maintains that it has not been possible to implement a price freeze simultaneously with the wage measures.

"That would simply not be possible because of the continuing inflation. We have instead ordered something in the direction of a stop on profits. Accurate controls will be kept on the price development and in the areas where price increases take place which cannot be justified by higher prices of raw materials or higher import prices, measures will be taken," maintains Steingrímur Hermannsson.

Furthermore, it appears in the government's political program that the public sector will be cut back. Control of state-owned firms will be strengthened and they will cooperate to a greater extent with the economic life of the private sector.

In the foreign policy area, the nonsocialist government is in favor of Iceland's membership in NATO. The government does not contemplate any measures concerning the controversial U.S. base at Keflavík.

#### Union Showing Unwonted Restraint

Copenhagen INFORMATION in Danish 25-26 Jun 83 p 2

[Article by Jens Holme: "Iceland's Labor Movement Hesitates to React Against the Incomes Policy"]

[Text] Despite a long tradition of political strikes, the labor movement has not reacted so far to the strongest measures taken against the wage increases until now.

Reykjavík, 1 June. The Icelandic labor movement has not reacted with the usual speed and effectiveness to the incomes policy initiative of the newly-elected government of Steingrímur Hermannsson.

The nonsocialist government has quickly thrown the labor market's parties totally out of the picture and set the stage for a powerful halt to the wage development in the coming years. Real wages will be cut drastically because the quarterly price index adjustment is suspended for 2 years. Simultaneously the parties in the labor market have been forbidden to negotiate contracts in any form dealing with wage benefits until 1 February 1984.

There is a long tradition of establishing labor conflict when the wage earners feel that their interests have been jeopardized. But this time the labor movement has been remarkably taciturn.

The chairman of ASI [Federation of Labor], Asmundur Stefansson, explains that by saying that the trade unions have not yet decided which counter-measures would be the most suitable.

"We are in full swing informing the members about the consequences of the government's measures. So far we let it suffice to protest verbally. I hope that that in itself will be enough to get the government to come to its senses.

"If the opposite happens, I fear that it might come to a serious confrontation later in the year. It is now too early to say when and how much support eventual actions will get from central quarters."

#### Not in Agreement

Sources outside the labor movement think, however, that this is just idle talk, that ASI is actually unable to take action and can hardly launch effective sanctions against the government's incomes policy.

The problem is that ASI cannot form a united front against the government. As opposed to the other labor union organizations in the Nordic countries, ASI is not tied to any particular party but runs the total spectrum from extreme Right to extreme Left.

Asmundur Stefansson is a member of the People's Alliance which would in Denmark be somewhere between the Socialist People's Party and the Left-Socialist Party, while his vice chairman is a prominent member of the conservative government party, the Independence Party. So in fact there is a circle within the labor movement which literally belongs to the new government.

Besides, it presumably plays a part in the labor union's unformulated decision to wait and see that there is an understanding among great number of the population--or a plain demand for economic restraint.

Economic experts, bankers and others, had before the government took over, paved the way in that respect by forecasting an economic catastrophe for the nation if measures were not taken.

There is widespread dissatisfaction among the population with the previous government--which aside from the current government parties also included the People's Alliance--because of its many internal disagreements and consequent lack of ability to make resolutions.

#### Dangerous Road

Asmundur Stefansson describes the new government's initiative as rough and on the margin of democracy.

"We have had a long tradition of free negotiation between the parties in the labor market. This right is now taken away from us for a long period, and I feel that with that the government has taken a dangerous road.

"It is exclusively the wage earners who will have to pay for the party. In its measures the government has not put any demands on our opposite party, the employers. It has on the contrary held out the prospect for them to get a still wider scope for action--implying even more income. Moreover, the new minister of finance Albert Gudmundsson has announced that state-owned firms will be sold and transferred to the private sector.

"But the worst is perhaps that these measures will not change anything in the system: while the lower wages are kept constantly down, inflation will rise again."

[Question] What should have been done then?

[Answer] There is no miracle medicine. But the key word in connection with the solution of the inflation problem has to be greater versatility.

Fishing and related industry is at the moment the only thing we have to live on and is well-known to be deplorable.

Through the years, the fishing fleet has been expanded way beyond the resources in the ocean. At the same time, the farmers are producing meat for export which must be subsidized with a large amount of money from the National Treasury because foreign markets do not want to pay what Icelandic farmers have the right to get.

On the whole, the economic life in this country is sick in many ways. It is, for example, rare that investments are reflected in either large production or great productivity. Far too many owners of businesses are only out to score cheap inflation profits and do not have the slightest understanding of effective business.

It would have been proper for the government to have done something about such things. The way it looks now, we are only on our way into another vicious circle. As a result of the abolition of the automatic wage adjustments, the real wages will be cut drastically. Consumption will drop correspondingly and construction of homes will come to a halt. The result will be increasing unemployment. And I am afraid that the government will feel tempted to further tighten the incomes policy which will result in worse unemployment if it is not quickly brought to another way of thinking.

The influential politician of the Independence Party, Birgir Gunnarsson, former mayor of Reykjavik and now a member of the Althing, feels that the fear of unemployment in the wake of the government's measures is unnecessary:

"The only thing that will happen is that some people must do without their annual Mallorca trips or cannot buy a television set, a video, a new car or other imported goods. But they will continue to have food on the table, and to a large extent, we do produce all our foodstuff ourselves.



"Contrary to the labor unions, I think that as the result of the government's initiative, it will be possible to maintain a high employment rate which at the same time imports will be limited, which will give us the needed, more favorable balance of trade.

"Recently, foreign debt has accelerated enormously. To a very large extent, we have taken loans for consumption and anybody can see for himself that that cannot continue."

#### May Lead to new Elections Soon

Birgir Gunnarsson is, however, not quite certain whether the new government will be able to remain in power throughout the term--which is 4 years.

"If the economic policies go wrong, it is, of course, obvious that the government must go. The same could happen if the labor unions take an active opposition. I think that the deciding factor on the fate of the government will show itself around the turn of the year."

He also points to the third circumstance that could effect the election date:

Before the election in April, the Althing passed some amendments on the constitution which, among other things, result in the larger municipalities having larger representation in the Althing. As a result of the large migration to Reykjavik, eventually five times as many votes in the capital were needed to vote for a mandate as were need in the typical province. Now the ratio will be reduced to two to one.

The constitutional amendments will only take effect after the newly elected Althing has passed them. This will presumably take place immediately after the Althing comes into session in October.

"After this has taken place, it will be tempting for the parties that profit most from the new division of constituencies to provide new elections," says Birgir Gunnarsson.

If a great shifting in the votes in the coming elections does not occur, it will be the typical town parties, the People's Alliance and the Independence Party, that will increase at the cost of the liberal Progressive Party which is the farmers party.

#### Friction in Government

Political journalists in Reykjavik think that it is quite likely that it will be the Independence Party that at an opportune moment releases the bomb under the government.

Although both government parties are declared nonsocialist, there are great ideological differences between the Independence Party and the Progressive Party. It is, among other things, a thorn in the side of the so-called



new-liberal faction in the Independence Party that the Progressive Party, through the cooperative firm KEA, controls considerable portions of economic life. The Progressive Party also distinguishes itself by unreservedly supporting the state subsidy policy for main industries, fishing and agriculture.

There is no pleasure either over the fact that it was the Progressive Party that took the prime minister's seat. The Independence Party has 23 seats in the Althing and the Progressive Party only 14.

There is hardly any doubt that the government will have a troublesome time. It is rather the rule than the exception that Icelandic governments must resign before their term is over and it is common that great plans about reorganization of the country's economy drown in political power fights. Some go even so far as describing Iceland's runaway inflation and rapidly growing foreign debt as a result of political incompetence.

An earlier article from Iceland was published in INFORMATION on Friday, 24 June.

#### Peace Sought with Foreign Companies

Copenhagen INFORMATION in Danish 28 Jun 83 p 3

[Article by Jens Holme: "Iceland's Government Wants To Make Peace With Multinational Companies"]

[Text] Solution to years of disputes with the country's largest electricity consumer about the price of energy and tax dodging sought by negotiations.

Reykjavik, June. The new nonsocialist government in Iceland is now seeking to put a halt to several years of disputes with the aluminum plant ISAL, a subsidiary of the Swiss multinational company Alusuisse in Straumsvik near Reykjavik.

The company is Iceland's largest electricity consumer. It uses almost half of the country's total hydraulic power output but only pays about 10 percent of the companies' incomes. And it is exactly the price of the electrical power which has attracted much attention.

The history will be given as a classic example of the operational methods of multinational companies and their means of power over small nations. It in fact reminds in many ways of the Danish government's dealings with A.P. Moller and Dansk Undergrunds Consortium.

#### Fixed Price

When Alusuisse at the end of the 1960's made a request to establish itself in Iceland in order to utilize the cheap natural energy, the government felt almost honored. ISAL made a contract with the Icelandic government for

favorable terms. According to the agreement, the electricity price would remain fixed at a level that now seems ridiculously low and is about half of what large electricity consumers must pay in Norway and one-third of the price in the United States.

Immediately after the first oil crisis in the beginning of the 1970's, the Icelandic government tried to remedy the mistake by seeking to renegotiate the price terms. But ISAL opposed an adjustment with a reference to an article in the contract which states that price increases can only take place if both parties agree. That was not the case.

The Icelandic director of energy, Jacob Bjornsson, says that it is easy enough to be wise after the event:

"But at the time when the contract was made there was talk about falling oil prices and it was therefore somewhat of a gain to receive a fixed price," he says.

#### Tax Story

The conflict between Alusuisse and the government developed further when at the end of the 1970's, the authorities got the feeling that in order to avoid paying taxes, Alusuisse conducted the classical tax dodging methods of multinational companies. It was considered remarkable that every year ISAL came out with a minimum or no profit at all. The socialist minister of industry at the time, Hjorleifur Guttormsson, asked in 1979 an independent audit company in London to find out what happened to the money. On the basis of thorough auditing of ISAL's accounts it could be demonstrated that Alusuisse asked for exorbitantly high prices for the raw material alumina which was purchased from another of the company's subsidiaries, Gove Joint Venture in Australia. The auditors recommended that readjustment of taxes for the last 5 years be undertaken.

In order to prove its innocence, Alusuisse hired another audit company in London and, as almost could be expected, that company came to almost exactly the opposite conclusion. Since then allegation after allegation has occurred, and the parties have extended a profusion of mutual accusations against each other. Minister of Industry Hjorleifur Guttormsson went so far as to charge Alusuisse with employing criminal methods and his party, the People's Alliance, recommended a state takeover of the company.

#### Easier Terms

But the new government has now stated that it is prepared to settle the tax dispute with an international arbitration.

As to the question of the electricity price, the company has stated that it is ready to accept an adjustment if two conditions are met: the company will get permission to expand to twice its size and ISAL will have the permission to join investors.

Prime Minister Steingrimur Hermannsson thinks that Alusuisse is interested in seeking cooperation with Norsk Hydro while others point at Japanese firms as possibilities. The new investors will be used to partially finance the expansion of the plant in Straumsvik and partially to ease the liquidity after ISAL ended up with a loss of over 60 million dollars in 1982 due to the drop in prices on the world market.

Prime Minister Hermannsson tells INFORMATION that the government is prepared to meet the demands of the Swiss firm if an agreement is also reached about a satisfying increase in the price of the kwlh. He does not want to comment on how large the price increase should be. In the discussions up till now there has been mentioned, broadly speaking, everything from 20 to 300 per-cent.

"The government is interested in Alusuisse maintaining and even expanding its level of activities. The company's branch in Iceland employs 700 persons and has a tremendous importance for the employment in other sectors as well," says the prime minister.

#### Industrial Development

Many other foreign energy intensive firms are literally standing with their hands on the door knob in order to enter and get a part of the cheap energy. But there is much political disagreement about how far they should be allowed to go. Director of Energy Bjornsson thinks that the discussions about that are like the debates for and against nuclear power in other countries.

Some among the opponents fear that new industries and the accompanying necessary development of the hydraulic power plants will destroy nature and bring pollution. Others, who are opposed on political grounds, oppose foreign capital being allowed to gain influence in the Icelandic society. Still others are against it because of the effect industrial development will have on the traditional industries. It is feared that foreign companies will raise the wage level and draw the workforce away from the fishing industry, among others, like a magnet. Moreover, the opponents also think that new big companies will further promote the concentration of people around Reykjavik in the southwestern part of the country.

But Jacob Bjornsson also thinks that there is a widespread understanding for the fact that the country cannot do without industrial development. The economic life must be based on a broader basis because of the decline in fishing. The People's Alliance is the party which so far has remained the most critical, but the party's aforementioned minister of industry in the previous government, however, agreed on a development under an effective Icelandic control. This could be understood to mean that the majority of shares at any given time should be in Icelandic hands, implying hands of the state.

The current government is not in agreement with that, however. It is of the opinion that the Icelandic state should stay away from the risk that is

associated with such investments which are gigantic, according to Icelandic standards.

The state already is a major shareholder in a ferrosilicone plant near Reykjavik. The rest is owned by the Norwegian company Elkem. But it appears in a statement released immediately after the government came to power that the state's dominance will be surrendered by opening it up for the third investor. There are plans to build another ferrosilicone plant in the east of Iceland. The ownership ratio has not yet been decided but as the new government follows the principle of private enterprise, it is hardly conceivable that the state will get involved more than absolutely necessary.

#### Abundant Power Resources

It is the hydraulic power that is the basis of the controversial industrial development. And we do have plentiful resources here to tap. Jacob Bjornsson estimates that Iceland only uses about one-tenth of the power sources which can be harnessed and transformed into electric power with economic profit and that is only a fraction of what can be utilized if the prices of oil and coal spiral again.

The construction of three new hydraulic power plants has been planned, as well as an extensive expansion of the existing plants.

This will not only be done with respect to industry but also to eliminate oil as a means of heating private housing. At the moment, 80 percent of the heating needs--and 40 percent of the total energy consumption--is handled with the help of geothermal water while oil only amounts to 7-8 percent. When the planned expansion of the hydraulic power plants has taken place, it is expected that heating by electricity will totally replace oil in the areas of the country where there is no geothermal heat. An attempt to transform the hot water to electric power with the help of a steam power plant has, on the other hand, failed. A test plant at Krafla in the north of Iceland has not reached a satisfactory output due to too much earthquake activity, and besides, it has not proven to be economically profitable.

The fact that Icelanders are almost self-sufficient with regard to energy brings, of course, a great relief to the otherwise tremendously worn-out balance of trade, and small costs for private heating. In Reykjavik, the district heating cost is only one-fifth of the price in, for example, Denmark. But the reason is that the prices have been kept down artificially. In general, it boils down to half-price. Nevertheless, there is constant search for new energy resources. Test drillings are conducted for oil onshore and offshore and there is search for coal but so far not with particularly good results. But that would almost be unfair.

The savings in the oil bills are used by the Icelanders to a certain extent in driving around in American gas guzzlers and four-wheel drive jeeps. Iceland will only be totally independent of oil imports when an alternative to oil is discovered.

## NUMBER OF UNEMPLOYED YOUTH CONTINUES RISE

Stockholm DAGENS NYHETER in Swedish 13 Jul 83 p 7

[Article by Kerstin Sedvallson: "Ten Thousand More Youths Without Jobs"]

[Text] Some 158,000 people were unemployed in Sweden during the month of June. That is 3.5 percent of the whole workforce and 23,000 more than during the month of May. The increase is mainly due to youths who finished school last May not yet having managed to find a summer job.

Sixty-two thousand youths under the age of 25 were without jobs during the month of June. That is 8.4 percent of the workforce in that age group. This is 10,000 more unemployed youths compared to June last year.

This is clear from statistics that the Central Bureau of Statistics [SCB] and the National Labor Market Board [AMS] made public last Tuesday.

Altogether 4.5 million people were employed during the month of June. Last May, 4.2 million people worked. According to calculations of AMS, the increase in the number of jobs is due to young people's summer jobs.

The contradiction in this is that, at the same time as the number of jobs increased during the month of June because of summer jobs, the high youth unemployment is also due to the fact that there are fewer summer jobs this year, according to AMS's calculations.

The health care sector particularly has fewer jobs. District and county administrations have eliminated positions. Parttime workers have increased their working hours, and thus employers have managed vacations without having to hire extra personnel.

Sweden has more or less the same number of jobs it had last year, but more people have applied for jobs. There were, for example, 50,700 newly-announced positions in June, compared to 50,000 at the same time last year.

The number of relief work has increased, however, since last year. AMS has started 11,000 more relief jobs.



Altogether 148,700 people were employed in jobs created by AMS, such as relief work, work with wage assistance, labor market training with the exception of business training, and jobs within community companies.

Unemployment of 3.5 percent is too high, according to Labor Minister Anna-Greta Leijon, but the government has at least managed to halt the increase, she feels.

More measures must be taken. AMS is also planning this for the fall, when the labor market is not expected to have improved.

Sweden's unemployment can, for example, be compared to the unemployment in Denmark of 10 percent.

An unemployment of 10 percent is also what Holland has today, but according to the calculations of OECD, it will be higher than 17 percent next year. Labor market political measures are not included.

In Sweden the unemployment for the month of June would be 9.4 percent, if the hidden unemployment was included.

9843

CSO: 3650/245



## ECONOMIC

## CONSERVATIVE NEWSPAPER COMMENTS ON YOUTH UNEMPLOYMENT

Stockholm SVENSKA DAGBLADET in Swedish 13 Jul 83 p 2

[Editorial]

/Text/ The unemployment is increasing in Sweden. The upswing of the economy is not capable of lowering the unemployment. The same thing is happening here as in all of western Europe. A structural unemployment remains, although the economy is recovering.

We have today an open unemployment of 3.5 percent. If those kept outside unemployment through relief work and such are added, we reach a real unemployment figure of eight percent. To this figure can then be added those in early retirement, for whom retiring has been a way of eliminating unemployment, and the unemployment figure will then be even greater.

These figures can be compared to unemployment figures of other countries in the West. West Germany is this year expected to have an average unemployment of 8.5 percent, France of 8.5 percent, Great Britain of 12 percent, and the United States of America right below 10 percent.

From these figures we can conclude that Sweden, in a way, has not been able to provide productive employment any better than any other country. To a great extent, we have been able to solve the social problems unemployment creates, which is something else altogether.

Two things should be said about this.

Firstly, the Swedish labor market policy has reached its limit. The National Labor Market Board /AMS/ cannot train more people or employ more in relief work.

Secondly, there are more profound causes of unemployment than those usually mentioned in the Swedish political debate.

None of the political parties is actually able to explain the unemployment of the late 1970's and the early 1980's. Why are youths, women, and older people kicked out of the labor market?

The lack of explanations naturally leads to lack of policy. The answers from responsible politicians are really a reformulation of the labor market political

goals. Lately, Ingvar Carlsson has tried to establish himself in the field. Last weekend he, referring to different forms of voluntary work, tried to dedramatize unemployment and make many of the unemployed into some sort of volunteer.

Naturally, there is much to the dedramatization of the unemployment. For many there is much meaningful work during times of unemployment.

But unemployment is an economic problem. Unemployment still constitutes an economic waste without comparison in an otherwise effective economy.

9843

CSO: 3650/245

## OFFICIAL FORECAST SEES IMPROVEMENT IN JOBS ONLY IN 1984

Stockholm DAGENS NYHETER in Swedish 15 Jul 83 p 5

/Article by Kerstin Sedvallson: "No Improvement Until 1984"/

/Text/ The unemployment rate will continue to increase, culminating in August, when the summer jobs end. Most affected are the construction industry. Not until the spring of 1984 is an improvement expected.

The National Labor Market Board states this in its summer report, presented last Thursday. The report is supported by forecasts from the county labor boards from around Sweden.

The unemployment rate is expected to increase more than usual during the third quarter of this year, to moderate somewhat towards the end of the year. Not until the spring of 1984 will there be an improvement and, according to the calculations of the National Labor Market Board, unemployment among men will decrease.

There may be jobs in industry. And the demand will be for trained workers. During the first half of 1984, companies can be expected to hire new people. This includes technical people and administrative personnel, particularly those with computer training.

#### Development

This is what the development looks like for different branches of industry, according to AMS's calculations:

Jobs are expected to remain stable in the mechanical industry. Orders have steadily improved, which primarily affects export companies. Companies selling mostly to the domestic market have, however, great difficulties maintaining jobs.

The demand for manpower is primarily in the transport industry, and particularly in the automobile industry.

Production has increased somewhat during spring in the iron and steel industry, and a certain increase is planned for the second half of the year. The number

of jobs can be expected to increase, but cancellations are expected in certain areas of the branch. Jobs are expected to decrease for the whole field during the second 6 months of the year and stabilize during the first 6 months of 1984.

#### Stable in Lumber

Stable employment is expected in the lumber industry during the next quarters.

The pulp and paper industry has had their orders improved during spring, particularly in the export area. Jobs decreased during the second quarter of this year, but the companies are now slowly replacing those who left. No new jobs are planned until possibly the beginning of next year. There is still danger of operation reductions for the paper mills.

There is a possibility of more jobs during the next quarters in the chemical, plastics, and rubber industry.

The Teko industry is characterized by a certain diversification and, for the field as a whole, mostly stable employment is expected.

The mining industry has difficulties maintaining jobs because of cancellations in iron production. But employment may, according to certain signs, be more stable during 1984.

#### Tough on Building Trade

The construction market is expected to continue being very difficult, and, according to several County Labor Boards, unemployment next winter is expected to be higher than during the winter of 1982-83. The labor market situation for Stockholm County is, however, expected to improve.

Forestry jobs have until now been stable and are expected to remain so during the next year.

The labor market situation is, however, difficult in the field of merchandizing. But the number of jobs did not decrease as much as expected, and this was due to private consumption not decreasing as much as feared at the beginning of the year.

Within transport, postal and telephone companies, jobs are expected to remain stable during the second 6 months of this year, and then increase during the first 6 months of 1984. But for those employed in shipping, it will be tougher to get jobs during the winter of 1983-84.

Private employment is an area where jobs, with the exception of merchandizing and transportation, have increased this year. More jobs are expected during fall, as well as during the first 6 months of 1984.

A mainly unchanged employment picture is expected within public employment. The county administration boards are expected to increase the number of jobs somewhat, while the government is decreasing the number of jobs.

## FRG MINISTER OPPOSES FREE CIRCULATION OF LABOR

Istanbul CUMHURIYET in Turkish 5 Jul 83 pp 1, 11

[Text] The West German Minister of the Interior Dr Friedrich Zimmermann has announced that he would be arriving in Turkey during the middle of this month. He said that during his contacts in Ankara he will be addressing the need for Turkey to forfeit its position concerning the free circulation of labor which is being targeted for implementation in 1986. While responding to questions during a broadcast aired by the Voice of Germany, Zimmermann said:

"In the long term as well as in the intermediate future the number of foreigners living here will have to be significantly reduced. The German labor market is no longer providing opportunities for individuals of foreign origin who have not completed their professional training. Young persons of foreign origin are unable to find learning institutions. Consequently, West Germany is no longer attractive. Young Turks in particular have shown an inability to learn German, so a definite end must be brought to the bringing in of individuals who do not speak German and who are too old to learn this language. It is important that the age limit for admission be set at six or seven which is also the age for starting primary school. If this is not done, the crime rate among the young who are unable to obtain employment or education will increase. I will be visiting Turkey during the middle of July. I will be discussing these issues with the Minister of Interior, the Minister of Foreign Affairs, the Labor Minister, the Minister for Social Security and the Prime Minister. Earlier, we had unambiguous statements concerning the need for Turkey to forfeit its position concerning the free circulation of labor which is being targeted for implementation in 1986. I believe that this is going to be possible."

Zimmermann stated that the federal government was following a policy of using sound measures to eliminate hostility towards foreigners in Germany. He said: "As you have seen, groups attempting to achieve political success through certain buzz words and slogans have been unable to achieve anything in the last elections. While there is no hostility towards foreigners in West Germany, there are difficulties involving the presence of foreigners."

9491

CSO: 3554/363

## BLUM ANKARA VISIT SPOTLIGHTS WORKER RETURN PROBLEM

Istanbul CUMHURIYET in Turkish 5 Jul 83 pp 1, 11

[Text] High level talks to discuss the status of Turkish workers in West Germany and the conditions for their return to Turkey took place in Ankara yesterday. The talks brought together Norbert Blum who is West Germany's Labor Minister with representatives from the Turkish government. While the Turkish side stated that forthcoming West German decisions concerning the return of the workers were "unacceptable," it became clear that great differences exist between the approaches taken by each side towards this matter. For his part, Blum requested that the Turkish side show "understanding" towards the measures that are about to be taken. While receiving Blum at his office, Labor Minister Professor Turhan Esener said: "The law proposal comprising measures to encourage the workers to return is not sound and will not be beneficial to our workers." As he replied to questions by newspapermen Blum said: "The issue does not have any compulsory aspects and the final decision in this matter will be made by Turkish workers."

Norbert Blum began his contacts in Ankara yesterday morning following a visit to Ataturk's Mausoleum. Later, Blum met with Labor Minister Professor Turhan Esener, Social Security Minister Sadik Side and Turkish Worker's Confederation General Secretary Sevkett Yilmaz. The discussions focused on matters concerning the return of Turkish workers. In the course of a luncheon given in Blum's honor by Foreign Minister Turkmen, the discussion primarily involved the status of the workers vis a vis the framework of Turkey's relations with the EEC. Yesterday evening, Blum was received by President Kenan Evren.

Prior to the meeting during which he received Blum at his office, Labor Minister Turhan Esener said that the law proposal that is being prepared for the purpose of encouraging the return of Turkish workers "is not sound and cannot be considered to be favorable to Turkish workers regardless of the vantage point from which it is considered."

Esener stated that returning workers would not be able to receive social assistance in Turkey and would therefore be faced with destitution. He said: "The contribution that our workers have made to West Germany's current achievements in the economic field cannot be denied. For this reason, they should not be perceived as a means of production or a labor surplus



to be used in case of need and discarded in the event of economic difficulty."

Blum also met with Social Security Minister Sadik Side. In a statement made during the meeting, Side said: "The reimbursement of the social security premiums belonging to our workers is an action that is incompatible with the notion of social security. We cannot accept this. This would mean that a worker would lose all social security benefits earned until this time. For this reason, an immediate halt should be brought to the return of the premiums. Side also recalled that Turkish workers who began to go to Germany in 1964 had been subjected to comprehensive physical examinations. He said: "Now, as they return to Turkey after 20 years, we want them to undergo physical examinations in Germany."

In his statement, Blum drew attention to the Turkish request that assistance to the dependent children of workers be increased. He said that the current economic situation in Germany and the cutback measures that are being taken make such an increase impossible for the time being as well as the immediate future.

Blum said that because German companies have in-house doctors, workers at these companies remain under constant medical supervision and repeated that any decision for the return of Turkish workers would be made by the workers themselves. He said: "The problem of unemployment among returning workers is one that primarily concerns your side. Nevertheless, we would try to be helpful to you."

In response to a question that he was asked while talking to newsmen, Norbert Blum said: "The decision has been left to the workers. In view of this, there can be no question of accepting, rejecting or modifying the decision. Those who wish to avail themselves of the opportunity provided may do so, while those who do not wish to do so are under no obligation. The result is one that is favorable to Turkish workers. There are no compulsory aspects. The decision concerning this matter will be made by Turkish workers. In what concerns this matter, Turkish workers do not need the assistance of German organizations or any other organizations."

At approximately 1600 hours, the West German Minister of Labor visited Sevkett Yilmaz who is the Chairman General of the Confederation of Turkish Labor Unions. In a statement during the meeting, Blum said: "If no additional workers were to be admitted into Germany, we would be able to solve the problems confronting the workers that we have at this time. Currently, we cannot accept more Turkish workers into West Germany and our refusal to do so would be in the best interests of the Turkish workers who are already in Germany." In connection with this matter, Yilmaz requested that unemployed Turkish workers not be immediately returned and that they be provided with assistance.

During yesterday's talks Blum presented several proposals to the Turkish side on behalf of the West German government. These may be summarized as

follows: "Turkish workers who are presently unemployed in West Germany would be paid 10,500 Marks as an incentive to return. A law proposal concerning this matter has already been prepared and presented to Parliament by the government. The law is expected to go into effect on 1 October and would remain in effect for a period of 1 year. To provide an added incentive, the law would make credit loans available to returning Turkish workers who establish businesses in Turkey during this 1 year period. Turkish citizens in West Germany are able to enter the business world by starting restaurants, workplaces and offices. Similar opportunities should be provided to German citizens in Turkey who currently do not have such rights. The social security premiums paid by workers returning to Turkey on a permanent basis will be reimbursed."

The Turkish government found the above outlined proposals by the German government to be unacceptable. While expressing its understanding of West German measures necessitated by unemployment, the Turkish side requested that Turkish workers not be affected by the measures.

In its counter proposal, the Turkish side primarily emphasized the fact that because Turkey is in partnership with the EEC and is planning to become a full member of that organization; Turkey's case constitutes a "special case." The Turkish side also alluded to decisions taken during earlier meetings of the EEC partnership council. On the basis of this situation, the Turkish side requested that Turkish workers be given preferential status among unemployed foreigners in Germany. The Turkish side is requesting that Turkish citizens be the first ones to be considered for employment opportunities after German citizens. The Turkish side stated that the right of free circulation would have to be extended to Turkish workers upon Turkey's acquisition of full membership in the Common Market and requested that no pressure be exercised on Turkish workers to bring about their return to Turkey.

The granting of all financial benefits earned by Turkish workers in Germany was another issue stressed by the Turkish side. While German authorities expressed willingness to refund the insurance premiums paid by workers, the Turkish side asked that premiums paid by the employers be refunded as well.

The fact that the talks would be difficult was evident from the tenor of the discussions at a dinner reception hosted by Labor Minister Professor Turhan Esener on the day before yesterday, following Blum's arrival in Ankara. Foreign Minister Turkmen, Social Security Minister Side, Housing and Construction Minister Samsunlu as well as Minister of Public Works Onalp were invited to this dinner which was also attended by high level officials from these agencies and members of the press. The poolside dinner was hosted in the garden of the Grand Ankara Hotel. Blum was seated between Turkmen and Esener.

Following dinner, Esener delivered the first speech. Stating that laws enacted in West Germany should not be implemented unilaterally, Esener said: "The decision affects not only the country in which it was taken but other countries as well." Esener continued as follows: "I was attending a meeting of the international labor organization in Geneva with Mr Blum. Our

conference room in Geneva was illuminated by a chandelier. We were both fascinated by the light generated by that chandelier. We hope that the same illumination will guide us in the process of resolving our problems. I believe that we will be able to resolve the issues that stand between us through mutual understanding."

Blum took the floor following Esener's statement. Blum's response was "candid" to the point of surprising those who were present at the dinner. Turning to Esener he said: "I too would hope that we can be guided by such a light. Yet at this time we are talking about blown fuses or even short circuits involving the light. This is so because at this moment there are 2.5 million unemployed German citizens in Germany." Blum added: "When foreign workers become unemployed in Germany, various tendencies emerge." Blum said the following as he concluded his speech: "I haven't come here to exchange pleasantries. I have come here to state realities, to receive proposals from the Turkish government and to ask for its understanding."

At the end of his talk, Blum also referred to the question of Turkey's return to democracy and presented certain viewpoints. German sources pointed to the fact that Blum had alluded to this matter in his speech and stated that he had discussed his views concerning the latest political developments in Turkey during his meeting with Evren.

9491

CSO: 3554/363

## SCHLUTER VISIT HAD IMPORTANT POLITICAL, ECONOMIC RESULTS

## Agreement With Motzfeldt on Cuts

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jul 83 p 8

[Text] After visiting Greenland for a week, Prime Minister Poul Schluter and his wife, Lisbeth, are expected back in Copenhagen this evening along with the officials who went with them, but minus Greenland Minister Tom Hoyem (Center-Democrat) who traveled instead to the Eskimo conference in Frobisher Bay in Canada.

Aside from the impressions of Greenland culture and scenery that the prime minister received during his travels in West Greenland, he also made contact with Greenland politicians, with whom he has held talks throughout the trip.

The talks resulted in a joint declaration from Poul Schluter and the chairman of the Greenland government, Jonathan Motzfeldt of the Siumut Party [socialist, radical home-rule party]. They stated that the trip was useful and productive and a confirmation that the introduction of home rule was correct and that relations between Denmark and Greenland have been subsequently improved.

The two politicians are agreed that the planned savings of 95 million kroner in the Greenland budget will be maintained--"although developments will be followed closely."

This agreement removes the risk that Siumut Folketing member Preben Lange will bring the government into a minority position, because of dissatisfaction with the cuts, when Folketing takes a stand on the cuts in block grants to Danish municipalities on 9 September.

Both Poul Schluter and Jonathan Motzfeldt want inflation checked as much as possible and they repeated in the statement the agreement to set up a fast-working committee that can make suggestions about how trappers, fishermen and sheep farmers, who have been hard hit by 2 severe winters, can be helped.

The prime minister and the head of the local government also stressed the need for continued cooperation within the framework of the national community--and in connection with Greenland's withdrawal from EC.

And the Danish government will further the fishing policy line by recognizing the "overwhelming importance" of the fishing industry.

### Schluter More Successful Than Jorgensen

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jul 83 p 14

[Editorial: "Back From Greenland"]

[Text] It was at a somewhat difficult time in the history of the Danish-Greenland fellowship that Prime Minister Poul Schluter paid a visit to Greenland. The Greenland withdrawal from the European Community is in full swing. Despite the good will that has been expressed and displayed in this context by all responsible Danish groups, friction between Greenland and Denmark could easily arise. After all, this is a question of Greenland's first independent and significant foreign policy action.

In addition to this, there were also signs of political problems on internal lines. Even though the government of Greenland was involved in and gave support to the savings of close to 100 million kroner in the Greenland budget, it looked as if Folketing member Preben Lange would renounce the negotiation results achieved between the governments of Denmark and Greenland. If that happened, it would involve a serious political risk for the government.

During the trip to Greenland, the prime minister succeeded in keeping out of incipient conflicts. In his period as prime minister, Anker Jorgensen had poor relations with the Greenlanders and his last trip to Greenland was not a success. In contrast, Poul Schluter's trip has had the effect of sealing the good relationship between the northern and southern parts of the nation. That in itself is gratifying. First and foremost there is reason to rejoice over the results the prime minister achieved with respect to pressing political problems.

When explaining his possible stand on the government's savings proposal, Folketing member Preben Lange had referred to the provision in the constitution that says Folketing members are bound solely by their convictions. But during the meeting with the prime minister in Jakobshavn, the head of the Greenland government, Jonathan Motzfeldt, formulated the principle that Greenland politicians should not interfere with purely Danish matters.

That is a principle which--as things have developed so far--should really be self-evident. But it could not be taken for granted after the statements

that were made prior to the prime minister's trip. The doubts that arose about the weight of the Greenland seats with regard to purely Danish policy were dangerous and could have developed into a real strain on Danish-Greenland relations. It is the most important result of the prime minister's trip that this doubt no longer prevails and that there is no longer any threat of this strain. This result of the trip benefits the entire nation.

After having removed this political roadblock, the prime minister is on much more solid ground when he tackles the political problems that are awaiting solution. He can do so in the awareness that Jonathan Motzfeldt's statement of principle--as a side effect--has disarmed the two Progressive politicians who were hinting at the possibility of exerting political pressure, because their votes can no longer decide the formation of a majority in Folketing.

6578

CSO: 3613/161



## RIVAL COMMUNIST NEWSPAPERS REPORT ON PARTY CARD EXCHANGE

## Moderate-Wing Paper on Results

Helsinki KANSAN UUTiset in Finnish 13 Jul 83 p 9

[Article: "SKP Membership Card Exchange Near Completion: 33,000 New Cards"]

[Text] The number of party members has been accurately determined in the SKP [Finnish Communist Party] membership card exchange completed at the end of June.

According to organizational secretary Risto Koskinen, by the end of the first week of July there were almost 33,000 SKP members.

Due to summer vacations, however, all the data from all the districts has not yet reached party headquarters. Koskinen estimated that the final count on the card exchange would not be in until the end of August.

Despite the fact that there has been such a big fuss in the nonsocialist newspapers about the sudden drop in SKP membership, Koskinen regards the current results as satisfactory.

While there were about 48,000 members still listed in district organization records last year, there were nonetheless only about 25,000 who had paid their dues or were exempted from doing so.

"It would seem that many thousands have taken care of dues they had neglected to pay in connection with the exchange of cards," Koskinen said.

## Year's End Final Deadline

The deadline set by the Central Committee for the exchange of membership cards was the end of June, by which time the forms in connection with the exchange and the new register were to have been filled out in the party organizations.

According to Koskinen, the decision nevertheless provides for the possibility of taking care of cases that have not been attended to due, for example, to trips of longer duration, illness, etc., later.

There is also an obligation to clear up any controversial cases, but the exchange must finally be concluded by the end of this year.

The most well-known controversy occurred in the SKP's Kymi district organization where the district leaders refused to renew Member of Parliament Terho Pursiainen's membership card. He will probably get a new card, as he has before, directly from the party Central Committee.

#### Cards on the Way

Although some members have not yet received their new cards, according to Koskinen, there is absolutely no need for them to worry.

In some sections opportunities for turning in cards will not be arranged for until after summer vacations in August. "As far as members are concerned, the matter is taken care of when dues through the end of 1982 have been paid and the forms filled out in the party cells," Koskinen said.

#### Appraisal Time

Aside from an accurate final count, in Koskinen's opinion there is also reason to make a more accurate political analysis of the membership card exchange.

"Since the party's organizational section is already drafting proposals for the development of activities for next fall, analyses of those reactions that have led members to resign from their activities and the party or made them doubt the latter are really necessary.

Generally, these reflect the direction of their demands, the kinds of actions and the policy members are demanding.

"Political and organizational efforts in particular cannot be made without a large membership and without carefully taking their opinions into account," Koskinen said.

#### Stalinist-Wing Paper: 'Sad' Results

Helsinki TIEDONANTAJA in Finnish 14 Jul 83 p 2

[Editorial: "Cards Renewed"]

[Text] The SKP membership card exchange is almost entirely completed. The membership dropped by about a third, or about 15,000. To a certain extent new cards are being applied for, but the outcome is nevertheless obvious. It is sad.

The SKP organizational section thinks that the results are satisfactory. May God protect the SKP from such satisfactory results! Just two more satisfactory results and the SKP will not have any membership problems.

The membership card exchange has alarmingly demonstrated the weakness of the SKP's ideological, political and organizational state of affairs.

Every Communist and friend of the SKP with any sense of responsibility is now forced to carefully consider the SKP's situation and draw the necessary conclusions.

The party can be strengthened by eliminating ideological confusion, by boldly and openly propagating Marxist-Leninism, by clearly changing our policy without being ashamed of pursuing a class-based policy, as well as by improving our organizational effort and getting rid of the various effects of hardliner actions.

#### Stalinist MP Tennila Comments

Helsinki TIEDONANTAJA in Finnish 15 Jul 83 p 2

[Editorial article by SKDL MP Esko-Juhani Tennila: "SKP Membership Card Exchange"]

[Text] Our newspaper has interviewed SKP Viirinkangas section member and Member of Parliament Esko-Juhani Tennila, who was suspended by the Lapland district and who is one of those Communists who has not yet received a new membership card.

The SKP Central Committee will discuss the membership card exchange issue at its first meeting in the fall, at which time the fate of those members who have not received their membership cards from the Lapland district will also be discussed.

[Tennila] In connection with the exchange of membership cards, the decline in SKP membership obliges all Communists to make a more decisive effort than before to improve the SKP's ability to fight and to consolidate party unity on the basis of Marxist-Leninism and proletarian internationalism.

We must not ignore the sizable drop in membership as being self-evident. Such an attitude cannot help the party.

We also know that many members have failed to renew their cards out of exasperation over the party's internal state of affairs. The key issue in strengthening the SKP and also in increasing membership lies in making party policy more leftist, in radicalizing it, which will lead to unification of party activities. The internal difficulties have been the result of the fact that we have been unable to consistently put into practice the class struggle policy formulated by the party congress.

Through the efforts of the hardliners there has been an attempt to deliberately reduce the number of members in Lapland by suspending sections from districts and members from sections. The SKP Central Committee must finally intervene in the completely irresponsible havoc wrought by the Lapland hardliners. The Central Committee must guarantee every Lapland Communist a new membership

card and the Central Committee must otherwise as well intervene in the executive operation of the Lapland district.

Unless this intervention takes place, the district's current leaders will cause the party absolutely irreparable losses in Lapland. The party district's prestige among the masses has already been severely weakened through their grasping actions and constant disregard for all sorts of realities.

Strengthening the SKP will demand a lot of work, but we can pull the party out of this crisis by fortifying a party organization coalition that will responsibly manage party destinies at all levels. Among other things, the racket over the parliamentary delegation measures and the party Press Committee's proposals to resolve the press problem have also aroused new hope among constituents.

The most important thing is for us to overcome our waiting frame of mind and launch prompt action to strengthen the mass movements to oppose a right-leaning command. The Communists can gain the confidence of the workers and young people only through decisive action.

11,466

ENC: 3617/157

## SOVIET REACTION TO BASES AGREEMENT: KKE MAY BE LOSER

Athens I KATHIMERINI in Greek 21 Jul 83 p 5

[Text] The manner in which the Soviet government reacted to the signing of the agreement extending the presence of American bases on our soil permits reaching useful conclusions on the development of our domestic--as well as economic--affairs.

The 16 July announcement of the Soviet news agency, TASS, which always conveys the official views of the Kremlin, was so objective a news item as to give the impression that the agreement was an event that did not affect in the least the foreign policy of Russia.

The presence of the American bases in our country, however, always attracted--as is well known--the main fire of Soviet criticism against the pro-Western policy practiced by Greece. The contention was that the obligation of the country to be host to American spy and missile bases revealed the kind of pro-Western leanings of the Greek "Right," which was pro-Western because it was forced and was dependent and was not a free choice.

Beginning with this official Soviet position as a premise, adopted not only by the orthodox KKE, but by PASOK itself, in order to underscore its distance from the bourgeois parties and to attract the electoral sympathies of the "progressive" voters, Mr. Florakis' party guided the "lightning"--according to communist terminology--meetings and protest marches of its followers on the day of the signing of the agreement. The KKE's initiative was exposed when the TASS announcement reported the shifting of the fundamental view of the problem by the Kremlin.

In what direction, though, did the "fundamental view" of the subject of the bases shift?

The impression was created that Moscow had recognized the fact that Greece belongs to the West; therefore, it cannot but cooperate with the West in the organization of what is considered common defense policy. But why did the USSR not recognize this posture, even prior to Mr. Papandreou's government, as an irrefutable fact and was undermining it by using the presence of the American military bases as the principal lever on the conscience of the Greek people? There are only two answers to this question.



The present government has secured the pro-Western orientation of Greece in a way which precludes any more attempts to change the "status quo" and thus Soviet foreign policy "decided" to stop its attacks. Or, according to a totally different interpretation, Soviet foreign policy has no interest, for the time being, in upsetting the Greek-West relations in order to prevent Mr. Papandreou's government from being overthrown!

Looking back at the past behavior of PASOK's leader towards NATO, the Americans and the EEC, the first interpretation is to be excluded in order to permit the second to gain credibility. On the other hand, the haste with which all the so-called "Leftist" parties and organizations, which, until the day before the signing of the agreement, were at the forefront of the demonstrations to prevent it from happening, applauded the "success" confirms that the first guided priority in the political activities of all is to keep the government of "change" in power. In view of the fact that the bourgeois parties have, as their official, declared policy, close ties with the West, there took place the amusing precedent of establishing the much-wished-for "national unanimity" in favor the continuation of our..."national dependence."

The Soviets choose to avoid any action which could contribute to the overthrow of the present regime in Greece for two reasons. First, because it is impossible for the Soviet "Eastern" economy to replace Western economy--and especially that of the EEC--as a source of capital to strengthen the economy of Greece. The pre-election statements of Mr. Papandreou that Bulgaria alone could absorb one-third of our exports are being buried along with our surplus fruit! And the attempts of EOT [Greek Tourist Organization] to close the gap in our tourist trade, at least, with the USSR, remain without results. Mr. Kyriazis thought that the visits by Soviet tourists to Greece were of an economic nature. He did not know that it is an ideological problem and, as a matter of fact, one of the touchiest for the USSR.

The second reason the Soviet government shows that it wishes to have Mr. Papandreou remain in power is because it sees in his person an element which can be useful for the long-term plans for the area. For a short-term, it is possible that the PASOK government can offer positive services in promoting Moscow's European policy, especially during the second half of 1983, when it holds the chairmanship of the EEC's organizations and Mr. Papandreou's freedom of movement would not be compromised while the very difficult and very critical--for the Soviet government's political and military plans--"game" of the installation of American missiles in Europe is being "played."

A direct projection of these Soviet plans is--at least as deduced from the strange reaction to the bases agreement--the justifiable forecast for a detente in the relations between the government and the KKE. It is possible that this "tolerance" may damage the KKE's image as the implacable opponent of the capitalist West and the irreconcilable defender of national independence!

It would be one more ironic episode in history. For the loser in the matter of the bases remaining in Greece to be the...KKE!



## CLIMATE OF VIOLENCE SEEN ADVANTAGEOUS TO BOTH ND, PASOK

Athens POLITIKA THEMATA in Greek 15-21 Jul 83 pp 13-15

[Text] From one point of view, the events at Kalamata, while dangerous in themselves, can be considered to have strengthened the government at a time when it appears to be losing popular support.

On the other hand, the attempt of the pro-government press to blame the ND for Far-Right elements, which, of course, do not have any link with it, was typical.

PASOK's morning daily, ELEVThERI GNOMI, reported:

"Neofascists, nazis, Security Battalion members, collaborators and their chosen descendents. In wonderful harmony with the liberal radicals, the so-called "illuminated Rightists" and the self-proclaimed moderate conservatives. The entire apparatus of the Right, as our people have known it under every shape and form during the past 40 years."

(Ed. Note: Are these ghosts still in existence, then? Did we not say, did we not agree sometime ago to forget both sides? Are we going back to the collaborators of the occupation? Going back 40 years?)

In this manner, by recalling the old ghosts, the Leftists of every hue and especially the members and followers of the KKE, could stop every anti-government activity because, to quote ELEVThERI GNOMI, "The people must guard, with decisiveness, the Change from its enemies, natural or territorial."

It is interesting to note that the two communist organs made no reference to the ghosts of ELEVThERI GNOMI. On the contrary, they attributed the Kalamata incidents to the attempt of Mr. Averoff "to activate the 'hardline core' of the Right for a frontal confrontation with the democratic forces of the country," according to AVGI, while RIZOSPASTIS maintained that:

"There are forces which are bent on forcing politics into violence which would be sensational and, perhaps, dangerous but which, however, will not affect the big problems of the country. It will be based more on expressive slogans, on spoken exaggeration and even on displays of "hooliganism" and not on the confrontation of opposing political lines."

Consequently, it can be said that government propaganda attempted to create a psychological alignment with the KKE's by calling up the reserves, the Security Battalion members, the protofascists and the nazis, to assist it while the communist view of the Kalamata incidents was calmer and astute. The problem, as reported by RIZOSPASTIS, is:

"Are politics going to become involved or not in a two-party game? Which would mean: is the way to change going to be closed or will it remain open? This is the big problem facing the forces of change today. Its solution can be found only in their common action, in united intervention in the struggle.

#### Tension and ND

The fact that political tension at this particular time could be advantageous to PASOK would not, on the other hand, mean perhaps that it could harm the ND?

Let us see how things stand on this subject:

The leadership of the official opposition has been pressured for some time to implement a more aggressive policy. Short-circuited by the more rightist elements, it followed a policy of skirmishing that discouraged its grassroots, those who saw the government proceed with the elimination from the administrative machinery of all elements not loyal to it and their replacement by party groups.

At the same time, numerous political organizations were asking to be activated by being assigned a specific party task and orders which, however, did not come from the top.

For a time it appeared that the leader of the party himself was hesitating about continuing to exercise its leadership or to relinquish it to one of his reported heirs.

POLITIKA THEMATA has on other occasions stated that Mr. Averoff, by remaining the leader of the ND, does not seek to satisfy personal ambitions, but to serve party obligations. For this reason, his remaining in a position of advanced political responsibility in politically difficult times that demand a continuing vigilance and mobility, which neither his age nor his state of health permit, has an heroic element in it.

Contrary to what is generally believed, Mr. Averoff is in the position he occupies more because he was drafted by party needs and less to satisfy personal ambitions.

The head of the ND also knows that should the succeeding leadership change not come about in a calm, careful and methodical way, and it is left--as it appeared to at one time--to take place under the influence of temporary or hurried factionalism and evaluations, the next phase would be a fatal split, a split which would be engendered by wounded egos and not, of course, by significant ideological differences.

By putting an end to whatever intraparty dealings existed by the frequent repetition of the assurance that there is no leadership question, Mr. Averoff succeeded

in checking any future trends towards fractionalism and defused and disorganized the various groups.

Mr. Averoff's mistake, however, is perhaps the same as the one made by Mr. G. Rallis. While the need to rid the party of the old elements, which had committed many sins, was more than evident, he allowed them to short-circuit him, surely because they were the ones who supported him in his struggle to claim the leadership of the party.

Naturally, with this tolerance, the only thing Mr. Averoff could do, in a continuing clash of the old liberalism with the demands of an ever-increasing reactionary environment, was these outbursts--sometimes in Salonica, sometimes in Kalamata--which, however, plot a course without a follow-up.

Perhaps, at this point, the minister of Public Order, Mr. Skoularikis, may not have been too removed from reality when he stated:

"I believe that those who created the tension created it in order to force the leader of the ND to speak about a state of violence, in addition to other subjective aims they may have had."

#### Two Factions

It is more than certain that, within the ND, there have been for some time now two factions with nearly unbridgeable political differences which coexist by being held together through the fear of being splintered. "If the one, united party cannot withstand the hurricane of PASOK, then how much less can its splinters," is the logic which keeps the factions together.

Mr. G. Rallis, in his book "Hours of Responsibility," wrote:

"After the restoration of democracy, the difference of perception between us (Ed. Note: Between G. Rallis and E. Averoff) was shifted to the subject of the course that the ND was to follow. Averoff believed that we should make an opening towards the Right. I, on the other hand, maintained that it was essential to dig a moat between the party and all those who had had an active involvement with the dictatorial regime and to win over all those who believed in democracy and were opposed to any aspect of a one-party system."

It is possible that Mr. G. Rallis does not get involved in the party politics of the ND; however, the faction he represented still exists. It is a faction that feels more pressure than ever from the continuous deviation of the party towards more conservative positions.

At the same time and in addition to this silent, but existing confrontation, there emerges another which does not have ideological support, but is clearly a revitalizing one.

For some time now a smoldering confrontation of new politicians (not necessarily young in years) has begun to make itself felt against the old timers. This faction, which blames the old leadership group for many mistakes and mainly of suffering from political arteriosclerosis, is not prompted so much by ideological motives--"Our line is basically good," they say--as much as by the

undeniable burn-out of individuals. "The individuals are not only tired, but they have failed. It is time for a radical change."

This faction is overt. Its degree of success may raise the subject of the political line of the ideology of the ND because the new politicians cannot fail to see more clearly that the slogans being used today are totally outdated with regard to the masses.

The new politicians point out that the ND will find its way, its confluence with the wide currents if it will outline them correctly. This can be done only by new elements. No matter what mask the old timers wear, they have taken the test and have--we do not say "failed"--been left behind. The hour, they say, belongs to the new ones.

9731

CSO: 3521/384

## DISENCHANTMENT WITH PASOK SEEN MITIGATED BY IMPORTANT FACTORS

Paris LE MONDE in French 16 Jul 83 pp 1, 3

[Article by Bernard Brigouleix: "Greece Disenchanted"]

[Text] Athens--"People disappointed with socialism? Sure. Right here," (with a circular gesture that encompasses Kolonaki Square, whose cafes are crowded from coffee break to "ouzo" [Greek aperitif] time), "there are certainly a lot. And even in the entire capital, to be fair. But Athens is not all of Greece, and the editorials of the opposition press do not represent all of public opinion. We are doing well in the provinces, and even better than we expected at the beginning!" In its realism, as in its relative optimism, the opinion of this close collaborator of Mr Papandreou seems pertinent enough.

Popular disenchantment is undeniable in large cities. Of course, it is accompanied, here as elsewhere, by the ostensible "disappointment" of those people who, in reality, expected nothing worthwhile to come from the arrival in power of the socialists in October 1981, but who believe it is more advantageous, in the short run, to pretend that they were wrong in regard to the nature of PASOK, rather than triumphantly proclaim that: "We had told you so!" However, there are also many who had strengthened, through their vote, the "green wave" of 1981--since this is the color chosen by the PASOK--and who are grumbling today against the consequences of a "change" that they helped make possible.

More important still for Mr Papandreou than the manifest overall loss in public opinion is the fact that the workers are not attempting to hide their disappointment, or even their anger.

They are incited to do so by a pro-Soviet communist party, which had originally--and willy-nilly--bet on unity in the left, even though it was not sharing power (at least within the government, since Mr Florakis' KKE is the beneficiary of numerous advantages through its significant presence at this time in the television field, in management, etc.). The strict wage policy now adopted by the government, certain restrictions on the right to strike--even if they are not serious as denounced by some trade union leaders or members of the communist party--aggravate a once again creeping inflation and have mainly hit city workers, or, more specifically, suburban ones. On a more ideological level, the left wing of the socialist electorate, that had been inflamed by certain shrill speeches against the Atlantic alliance or the EEC does not understand the virtues of Mr Papandreou's "realism," even if the latter excels



in the art of suggesting that he is creating difficulties for his various Western partners.

The "change" so eagerly expected in the administration, a change involving not persons but methods (slowness, both bureaucratic and budgetary, foot-dragging, even a degree of venality) is still not here. A number of reforms have not produced results as yet. As for the growing number of public servants, it has allowed the partial containment of a new wave of unemployment and also, incidentally, a "placement" for some good friends, at least before the effort at moralizing recently undertaken by the government. However, it has not contributed toward easing up procedures or energizing an administrative machine both dusty and plethoric.

#### The Communists' Game

Without representing a real loss compared to the previous elections, the communists' score in 1981 had nevertheless been a disappointment to the party. At first, the KKE had adopted a low profile in an attempt to benefit from socialist successes. Mr Florakis' friends obviously wished to be able to state later that they had neither put obstacles to the first steps of the left on its way to power, nor had they given in to the temptation of issuing statements that could negatively affect political changes.

Among other proofs of that was the speech by Mr Ponomarev, the official in charge of relations with "brotherly parties" at the Central Committee of the CPSU, made on the occasion of the 11th congress of the KKE, during which he had issued a quasipraise of the Papandreou government. It was being cautiously reported among socialists--and vociferously touted within the right--that Moscow was seeking to hold back the Greek communists because of the hopes nourished by the Kremlin in regard to the anti-Atlantic feelings attributed to Mr Papandreou. These times seem long gone today, even if the fracturing of the left's unity, regularly announced as imminent by the opposition, has still not taken place, in spite of the KKE's growing reservations vis-a-vis government policy and its extremely active participation in the recent strikes.

On the other hand, the PASOK label is still very much appreciated in rural areas. The socialists obtained very good results there (often excellent ones) during the last municipal elections. Their party is very well implanted, structured and organized in these areas, including some of the most remote villages, an instance almost unique in the political annals of Greece. The efficiency of those mayors close to the central power is, of course, encouraged by the benevolence with which the latter welcomes their requests. Moreover, the government generally pays special attention to this "grassroots Greece" where its message seems to be accepted more widely than elsewhere.

True, this "grassroots Greece" is the poorest and the most archaic, the one that had a right to expect the most of a team intent on concentrating on modernization and social justice. Indeed, the arrival in power of the socialists has meant, for rural Greece, an increase in agricultural income, an improvement in family conditions (rural women can now receive a pension, social insurance has been expanded, etc.), and there has been an attempt to collectivize certain services, notably medical and social, which has deftly respected



the innate sense of property characterizing--here as elsewhere--most of the rural population, even the most disadvantaged.

It is obvious that the PASOK has placed its bets on rural areas; the reverse is also true. This is a bet which was not won in advance and which tends to stand on their head the old clichés about the traditional conservatism of rural areas. Nevertheless, the government cannot rely exclusively on its eventual successes there during future elections. Greece has become widely urbanized. One voter in three lives in Athens or its suburbs (if gigantic Piraeus is to be included). It would be an enormous risk for the socialists to represent themselves, in the long run, as the political expression of solely the rural half of the country and thus allow the right, through their disaffection, to reoccupy sovereignly the terrain of modern, industrial, urban Greece.

#### Division on the Right

But is the opposition already able to win back its lost bastions? Nothing is less certain, even if its leaders affirm today that they have surmounted the trauma of the 1981 defeat. The New Democracy is still rent by internecine conflicts. It does not seem that it has really profited, so far, from socialist losses.

These internal struggles which are paralyzing any effort at renovation at the summit, remain very acute. There are indications that, indeed, they had started before the party lost power and that it is still settling, as the opposition--a situation for which it had certainly not prepared itself--scores left over from its days in power.

Former prime minister Georgios Rallis' memoirs are very revealing in this respect. Their publication was greeted with a degree of ironic jubilation by the PASOK: according to these memoirs, it seems that low blows and "banana peels" had been legion on the road of the man whose unrewarding task had been to lead the then majority to the elections that finally brought about the victory of the left. A self-avowed poor orator, devoid of any charisma, but scrupulously honest, liberal and sometimes quite subtle, Mr Rallis can now be proud of the ascending curve of his popularity, as certain failures of the left return a measure of credibility to the analyses and the administration of the former regime.

His successor at the head of the New Democracy, Mr Evangelos Averof, is too much marked by the right and too closely associated to certain mistakes of the preceding regime to be able to embody the resurrection of his party. Nevertheless, no one among those who are impatiently awaiting in his shadow for the succession seems capable of attracting a majority within the party. More of a centrist, Mr Mitsotakis is skeptical about his chances and allegedly has not given up the dream of forming his own party. Mr Stefanopoulos' cold competence and his ties with the right wing of the New Democracy are not enough to insure him sufficient support. A number of young technocrats who have rallied around Mr Boutos, or former ministers such as Mr Andrianopoulos reportedly wish, for their part, to transform the New Democracy into a large liberal center-right party. However, they lack support in the party's top

echelons and even less within the parliamentary group, even if this "restructuring of the center" is one of the most fashionable topics of conversation among politically-minded Athenians-in-the-know, and conforms to the country's sociological evolution.

It seems that this blockage in his party is exasperating President Karamanlis. Nevertheless, he maintains good relations with his socialist prime minister, even if they are devoid of affability. Between the two men there is manifestly a desire not to destroy, through overly unbending attitudes, the constitutional machine that allows cooperation at the top, and even demands it in this case. Beyond the speculation about "success-nevertheless" or about the "unavoidable failure" of the left, this is truly the one victory achieved by "change," even if periodic rumors about some impatience among the military do not foster an unmitigatedly sanguine feeling about the future of Greek democracy.

CSO: 3519/578

## KKE PROCEEDS TO PLANNED INTERNAL REFORMS

Athens TO VIMA TIS KYRIAKIS in Greek 17 Jul 83 p 11

[Text] Is there perhaps a greater party virtue than proletarian clarity? With this question, certain individuals received the information that the KKE decided to disband its professional organizations and to enroll their members in the Base Party Organizations, known as KOVs.

This organizational reform was combined with the expulsion of the "four" (Mbistis, Andoniou, Gialketsis, Trandalidis) affair and fed rumors about the party intentions that brought it about.

"It is not the case of isolated planning and, moreover, with coincidental intention," explained a reliable cadre of KKE. "Since last December, during the 11th Congress, many organizational changes, about which we were doubtful on all levels, have been decided.

"One of these changes is the one which concerns small professional organizations and not the entirety of professionals who belong to the KKE. They are part of the KOVs, either of their urban district or their place of employment.

"The alleged problem involves certain groups of professionals (physicians, attorneys, engineers, pharmacists, etc.), who are outside the manufacturing environment."

Mr. Kostas Tsolakis has been designated by the Political Bureau to implement the necessary changes in the structure and mass activity of the KKE. For this reason, he will no longer discharge the duties of secretary of the Makedonia and Thraki organizations.

A typical example of the traditional communist "advisor and organizer," Mr. Tsolakis is a supporter of the principle of radical confrontation with the "reformist and small bourgeois PASOK." This political view is shared by some of the "old guard" (Logaras, Ambatiellos, Koukoulou) and younger "hardliners" (Kotzias, Alavanos, Kolozof).

For the followers of formal doctrine, Mr. Tsolakis was and remains a person of trust and of the Soviet "line."

In the meantime, as was demonstrated during the sessions of the 11th Congress with the celebrated reelection of Mr. Khar. Florakis, the "moderate and realistic"

analyses and proposals of Mr. Florakis obtained the approval of the overwhelming majority of the representatives either of the KKE or other "brother parties" such as the CPSU and AKEL [Communist Party of Cyprus].

In any event, the conjectures, which dominated when the disbanding of the "professional groups of the party" became known, were of two kinds:

According to the first, the disbanding was decided by the KKE leadership because the majority of the cadres and members of these organizations did not always approve of the "hard line" tactics towards PASOK and maintained that certain "qualitative differentiations," along the lines of the "four," in the character and behavior of the KKE, were necessary.

Thus, it is said, it was considered necessary to halt similar "guild groupings" and put these professionals to work for clearly party goals "near the people." According to this first view, there is a "cleanup operation being pushed lately within the KKE for the removal or forcing into obedience of those who promote and express different views."

According to the second category of conjectures on the subject, the disbanding of the professional organizations' groups of the KKE has a more comprehensive political significance. On the one hand, that the "hardliners" within the party gained the upper hand and, on the other hand, that the entirety of the party machinery is being lined up in order to confront PASOK.

According to reliable sources of VIMA, the organizational changes being presently discussed within the KKE are not coincidental, but have been initially decided during the 11th Congress (proof, the "documents" that were then made public). In addition, these changes involve not only the professional groups (the so-called "professional groups of Omonoia Square"), but, more generally, the order of battle of the cadre potential of the party. Thus, the "break up" of the overgrown party organization of Athens (whose secretary is Mr. Dim. Gondikas) into various local organizations--committees for the Areas I and II of Athens is being studied. Also being discussed are the proposals and suggestions for the enrichment of the role of the Base Party Organizations, specifically, as emphasized, "for greater initiative and spontaneity in their activities."

The strengthening of the KOVs role in the districts and workers' areas, as the responsible officials of the KKE maintain, makes the need to disband the professional organizations imperative. It remains a fact, however, if one is to judge by the "shock waves" that were registered in the peripheral organizations with the affair of the "four," as well as with certain instances of "questioning" in professional organizations, such as that of the dentists, that the disbanding was not due simply and only to the new role of the KOVs.

There had been, for some time, "negative factors" in the activities and behavior of some of these "groups"--which are characterized as "guild" or "somewhat elitist"--and were afterwards followed by the questioning about their future.

From this point of view, those opposed emphasize that the scattering of the "professionals and free intellectuals can, with their transfer to the KOVs, in the long run be counterproductive.

In any event, the changes in the operation of the KKE's party machinery, whose aim is greater maneuverability and effectiveness of its organizations, constitute a new search for quality by the KKE in its relations with the mass movement and will definitely affect the relations between the communists and PASOK cadres in the districts and work places.

9731

CSO: 3521/384

KKE'S FLORAKIS: NO ALLIANCE WITH PRESENT-DAY PASOK

Athens ETHNOS in Greek 15 Jul 83 p 7

[Text] After his speech the secretary of the Central Committee of the KKE agreed to answer questions submitted to him by industrial workers. We present them in the order in which they were submitted:

[Question] Why does the party not hold rallies in large urban centers in order to show its influence in the political events of the country?

[Answer] It's easy. First of all, we do hold such rallies. Secondly, problems are not solved at a large rally. A large rally is easy. What is difficult is a rally in an urban district. It is easy to mobilize our people--there are quite a few--in a large urban center. The problem is, however, to stand up and be counted in a district. Where it takes work. The work of ants.

[Question] What kind of problem does the assuming of the EEC presidency by our country create in our non-alignment?

[Answer] The fact that a socialist government has assumed the presidency of EEC --we know indeed what kind of socialist government it is-- has not changed the character of the EEC. What do we stand to gain from all this matter? Pressures. Because the EEC only expresses the policy of the monopolies, nothing good will come of it, bad, yes.

[Question] It has been said that an eventual signing of the bases agreement will mean an overthrow of the PASOK by the Americans in the long run. What do you think?

[Answer] It was only said that the government should not deceive itself, that by doing the imperialists a favor, they will take pity on it. The Americans are not about to do them a favor. For this reason, therefore, we should not look at the subject of the bases separately.

[Question] You said that Reagan's bellicose policy has supporters in Europe, Thatcher and Kohl, but it appears that Mitterrand is no different either. In this case, what is the position of the brother French Communist Party?

[Answer] In judging the position of parties from other countries we should do well to have reservations until we have the correct information. It may sound



strange that the French Communist Party has three ministers in the Mitterrand government. I know, though, that that party correctly criticized Mitterrand, both on the missiles subject as well as the Williamsburg meeting. Now, why it does not withdraw its ministers from the government, I do not know.

[Question] Can you tell us why the recent expulsion of the four members of our party took place?

[Answer] It is possible that others may take place, comrades. We are a party of principles. We have principles and operational regulations. Therefore, groups and cliques within the party are forbidden. We have developed democracy within the party. Hence, when decisions that are approved by the majority are taken, every comrade must obey even though he does not agree. Those who were expelled did not have a simple, friendly conversation with Kyrkos--what kind of friendly conversation can you have with Kyrkos?--when Kyrkos and his collaborators called upon us to declare our submission? Those four, then had a little group and tried to approach others with three prospects: Either to create a party faction, to join the Interior [KKE (Interior)] or to cross over to the ranks of the unincorporated. Of course, some party organizations of ours did not agree with the majority on their expulsion. It appears that they have not understood that it is now that we must fight for quality.

[Question] Considering the policy followed by the government, is a KKE coalition with it possible?

[Answer] They claim that we do all this so we can be part of the government. Of course, we always sought to be part of a coalition government as well as to assume the power. Let us not have any complexes, comrades. Some of us believe that we should conceal our intentions. Every party has a planned aim: the assumption of power. We will not, however, join any government unless we agree on a minimum program. And this program must leave the way open for us to go forward. We are not so foolish as to enter into a coalition with the government when it follows the policy it does.

[Question] If the bases are closed, how are we going to face an eventual war with Turkey?

[Answer] Are we going to confront it with the bases? Anyway, a war is not a simple matter. The Aegean is an international seaway and countries that want to keep open these seaways will not remain idle in an eventual confrontation.

[Question] How many days did it take Qadhafi to close down the bases?

[Answer] Three days.

[Question] When we tell PASOK to close down the bases, the others bring up the argument that Castro keeps American bases. What do you say to that?

[Answer] The comparison is unequal. We are a country dependent on imperialism. Cuba is a socialist country and is independent. It is the case of a small island outside Cuba and the Americans do not leave it to go to Cuba.

[Question] What is Karamanlis' role after the recent tours?

[Answer] Whoever is president of the Republic has great authority granted to him by the constitution so that he can intervene to regulate matters.

## RIFT BETWEEN HARDLINERS-MODERATES SEEN IN ND

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 17 Jul 83 pp 1, 16

[Excerpts] The "show of strength" in Kalamata of the Far-Rightists of the ND, who are supported by the party leadership, has become a boomerang against Mr. E. Averoff because a "moderates front" is already being formed that considers last Sunday's incidents as having severely hurt the official opposition. The trouble in the ND became more acute as of day before yesterday with the initialing of the agreement between Greece and the USA, which divides the New Democrats: the extremists maintain that, one way or another, Mr. A. Papandreou must be severely criticized for the way he handled the matter, while the moderates maintain that the agreement is worthy of approval. In the meantime, Mr. Averoff is looking for the "happy medium" without having shaped the framework of the policy that he will follow on the subject in the Chamber of Deputies in October.

As of day before yesterday the question of the bases has caused veritable chaos among the New Democrats. The "hardliners," who support Mr. E. Averoff in keeping his job, are now accusing their leader of being ill-advised in approving the agreement which the Papandreou government initialed with the USA. Interestingly, because of their pressure, Mr. Averoff was forced on Friday night to make another "aggressive" statement about the bases. The extreme rightists are in despair because the Greece-USA agreement leaves them without the argument that PASOK is leading the country on a collision course with its traditional allies...

On the other hand, the "moderates" are pushing in order to make the agreement texts public and bring the subject to the floor of the Chamber of Deputies next October to make a calm criticism of the government, without acrimony, because--as they say--the ND has no reason to oppose the agreement. More specifically, after the Kalamata incidents, Messrs. Mboutos and Stefanopoulos, with the encouragement of a group of 15 deputies of their party, decided (at Meligala) to establish an "axis" to confront the "extremists" of the ND who today appear to dominate the party and, at the same time, to lay the groundwork for the change of leadership, which they consider a fact in 1984.

The "moderates" believe that a high-ranking, non-party figure, who worked in recent years to make the ND a trustworthy factor in keeping "the political letente," will work behind the scenes to bring about this development.



## PAPER DISCOUNTS ABILITY OF VPK TO INFLUENCE FUND SCHEME

Stockholm DAGENS NYHETER in Swedish 28 Jul 83 p 2

[Editorial by Olof Kleberg: "Lars Werner"]

[Text] Lars Werner and his VPK [Left Party-Communists] would like to have some influence on the shaping of the government's fund proposal, he explained in his Almedal speech yesterday. He is hoping that exactly as was the case in the dispute over the value-added tax last year, he can force the Social Democrats to make concessions.

VPK thinks Edin's proposal is a poor one, but still a step in the right (socialist) direction. The party wants general elections for these central funds to be held, it wants to allow them to invest directly in industry and it also wants them to be able to build up local worker-controlled funds.

VPK can make its demands. The party will certainly not gain any influence over the decision. VPK's negotiating strength with respect to the increase in the value-added tax was based on the fact that the party was able to line up with the nonsocialist parties. When it comes to the fund issue, the party has nothing at all in common with the nonsocialists, as Lars Werner took pains to emphasize. That also wipes out the party's chances of influencing the decision. VPK will not go along with rejecting a "poor" fund proposal. At the very most, the party will withhold its votes. And then the Social Democratic proposal will win approval.

6578

CSO: 3650/257

## FALLDIN: THREE NONSOCIALIST PARTIES TO UNITE AGAINST 'FUND'

Stockholm DAGENS NYHETER in Swedish 29 Jul 83 p 7

[Article by Ake Ekdahl]

[Text] Borgholm, 28 Jul--The three nonsocialist parties are putting all their efforts into making the 1985 election a fund election. There is no reason to promise a popular referendum on the funds after the next election. This was stated by Center Party leader Thorbjorn Falldin at a press conference in Borgholm held jointly with Bengt Westerberg of the Liberal Party and Staffan Burenstam Linder of the Conservatives.

"The outcome of the election will show whether the Swedish people accept or reject the funds and we expect that even the Social Democrats will read the handwriting on the wall and respect such a message," said Burenstam Linder.

"A referendum could never remove the fund issue from the political agenda," Bengt Westerberg said.

## Advocates

The idea of a referendum has been broached this summer in some business circles and elsewhere. Fund opponents say the Social Democrats intend to introduce the funds as a small and apparently innocent step toward socialism. It would be better for the Swedish people to take a stand on the whole fund issue in a referendum. Politically, a referendum could break up bloc politics and open up the way for necessary and broader political cooperation in parliament.

"We will not oppose them if the Social Democrats want to call a referendum on the funds before the next election. But a promise to hold a referendum after the election, when the voters have had a chance to see the Social Democratic proposal and could express their opinion in the next general election, is meaningless," in the view of the three representatives of the nonsocialist parties.

In Borgholm, Falldin and Burenstam Linder backed the Liberal proposal to set up a special three-party group to devise a way of phasing out the funds the Social Democrats are planning to introduce at the beginning of next year.

#### Too Difficult

But Falldin warned that phasing out the funds would be regarded as complicated and difficult. He said it was important that the process to phase out the funds be a simple one and he gave his support to the proposal recently advanced by Professor Assar Lindbeck that all fund stocks simply be distributed to Swedish wage earners. "I see no drawbacks to that proposal," said Falldin, who thought this might give a boost to individual savings.

Falldin's basic proposal is that the Social Democrats allow their fund proposal to remain in parliament and that the government wait for either the results of a popular referendum on the funds or the expression of the will of the people in the next election.

But he did not really think the government would dare risk a referendum on the funds. "The Social Democrats did not get enough support in the last election and now they will not shrink from introducing the funds with the aid of the communists," Falldin said at a rally in the evening. He did not think there was much to negotiate with Palme about in the fund issue.

#### Continuing the Struggle

"We cannot stop combatting fund socialism, even if it gains the support of the Swedish people in a referendum," both Burenstam Linder and Westerberg said.

"In the Liberal Party, we think it is wrong to think that a referendum would remove the funds from the political agenda. We cannot stop combatting the funds and I do not believe that the Social Democrats would accept a rejection of the fund proposal in a referendum," said Westerberg.

Falldin agreed. "There is no room for a referendum in the political process after the next election," he said.

The nonsocialists say the last election was not a fund election, for the simple reason that the Social Democrats backed away from the debate.

Falldin is now concerned once more by the fact that the Social Democrats are ignoring the people and the business interests that want an all-round clarification of the fund proposal.

"It is disturbing," said Falldin, "that the Social Democrats refuse to participate in a public debate with nonsocialists on the funds just before the government intends to present the fund proposal to parliament."



local businessmen had asked Finance Minister Kjell-Olof Feldt or other leading Social Democrats to meet with the three nonsocialist representatives at the Borgholm meeting.

Burenstam Linder said the Social Democrats behaved arrogantly and he did not think they dared debate the fund issue because the government is defending a "sick cause."

6578

CSO: 3650/257

## EVER-INCREASING NUMBER OF INTEREST GROUPS OPPOSE 'FUND'

Stockholm DAGENS NYHETER in Swedish 29 Jul 83 p 7

[Text] More and more groups are now demonstrating their opposition to the wage-earner funds. The reasons for the opposition to the fund vary; one way of resolving the issue that has been suggested is a popular referendum.

The demand for a referendum on the wage-earner funds is supported by 64 percent of the Swedish people, the Businessmen's League announced Thursday, on the basis of an opinion poll that involved 400 telephone interviews.

"A total of 2,000 people will be interviewed by telephone," said Businessmen's League executive director Bo Sillen when he presented the partial results of the survey in Gotland.

"The Businessmen's League hopes that the nonsocialist parties will take note of the opinion poll and join forces to demand a popular referendum.

"A referendum could clear up the roadblocks in the wage-earner fund issue," said Bo Sillen. "If a referendum shows there is a majority in favor of the funds, the nonsocialist parties will have to consider a compromise proposal."

The Businessmen's League will get in touch with all the nonsocialist members of parliament to win their support for a referendum.

It is estimated that the league's campaign will cost close to 4 million kroner.

## Constitutional Obstacle

"General elections for the wage-earner fund boards cannot be introduced without changing the constitution." That reminder came from Nils Elvander, professor of political science at Uppsala University.

A change in the constitution requires a vote by two parliaments with an election in between. That means that elections to the fund boards of directors would be technically possible by 1986 at the earliest.

"It is quite unrealistic to conceive of any change before 1988," Elvander said.

He thought general elections to the wage-earner fund boards would not fit in well with the Swedish constitution. Nor did he think much of the wage-earner funds in the form presented by P-O Edin earlier this summer.

Instead, Professor Elvander suggested a compromise--many funds, not just the proposed wage-earner funds. Trade union funds, farmers' funds, stock-savings funds, etc.

The wage-earner fund proposal involves entirely different principles from those in the voluntary interaction among individuals in a cooperative. Why have the Social Democrats abandoned cooperatives? That question was raised by Center Youth League (CUF) first vice chairman, Andreas Carlgren.

"New institutions like the wage-earner funds increase the concentration of ownership. Actually, CUF feels that the fund issue is quite without interest."

"The political debate is too one-sided and is conducted too much on the terms of the Social Democrats," said Yngve Sunesson, league chairman.

"The most interesting question is employment. What message is Olof Palme sending to the 62,000 young people who are out of work? The Social Democrats are pushing the funds in the debate in order to avoid the most serious problem, which is unemployment," said Sunesson.

"The funds will have a braking effect on investments. The yield requirements mean that investments will not be made in regions with high unemployment," Sunesson said.

"Small and newly-established businesses need to be stimulated. None of the fund proposals support new businesses."

CUF feels it is high time to take a number of steps to make it easier to transform stockowner companies into cooperative societies.

Unreasonable

Farmers are rejecting the idea of wage-earner funds in farm cooperatives. The new fund proposal also includes economic associations.

"Funds with profit shares are not feasible in economic associations aimed at serving the members without separate profit interests," said a spokesman for the National Farmers' League (LRF).

One of the LRF objections is that in all essential fund respects, cooperatives differ from stock companies.

The principle of one member=one vote applies in farm cooperatives. Influence from a wage-earner fund via owner capital would be in total conflict with the basic principles of the cooperative movement.

6578

CSO: 3650/257

## PAPER COMMENTS ON NORDIC REACTIONS TO LATEST 'ZONE' STUDY

Stockholm DAGENS NYHETER in Swedish 29 Jul 83 p 2

[Editorial by Olof Santesson: "Difficult Zones"]

[Text] The UD [Foreign Ministry] ideas about a nuclear-free zone have led to some Nordic reactions. The plans were revealed in a news article in SVENSKA DAGBLADET which also disclosed that the first step would be taken at the meeting of Nordic foreign ministers in the fall. One year later, the Nordic countries could issue a joint declaration on their intention to set up the zone in question.

This assessment stems from a special task force within UD that has been working on the issue recently, as far as we can judge in a positive and extremely hopeful spirit. The ministerial work that was carried out under the nonsocialist government on the basis of a parliamentary recommendation for the zone idea, was regarded by the Social Democrats as having brought up too many objections. Its material has never been published. The present work involves an authorized committee led by cabinet secretary Pierre Schori.

Judging from the press reports, the UD experts stated among other things that the zone cannot be created until the Nordic lands have stated their agreement and the superpowers have at the same time given some guarantees of safety from nuclear weapons, a kind of step-by-step solution evidently being regarded as better than nothing at all.

People in our neighboring lands have reacted quickly, which is a little unusual considering that no official move through normal diplomatic channels has taken place yet. In any case, there were the expected negative reactions in Norway ("timing is not right," "important not to make any move that could lead to confusion") and in Denmark ("there are limits to how much time we can waste on totally naive suggestions").

From a Swedish point of view, it is even worse that the article also led to anxiety in Finland, where they claim to be positive about the zone idea. The anxiety is because 1) the United States must approve Danish and Norwegian abstention from NATO's so-called nuclear option, while 2) the

Soviet Union against the background of the friendship and cooperation treaty has to guarantee Finland's nuclear-free status. "We assume that the guarantees of the superpowers will apply to the entire region equally," Foreign Minister Paavo Vayrynen commented acidly.

Naturally the Finns are upset by any suggestion of a parallel between Denmark-Norway, which are members of a military alliance, and Finland, which combines treaty arrangements with neutrality. Here the Swedish UD experts probably ought to reconsider their formulations.

More detailed comments on the UD plan should probably wait until the finished material is presented. But unfortunately it seems unlikely that the plan will meet a more favorable reception in Nordic circles that are critical of the zone idea.

6578  
CSO: 3650/257



## ILICAK ON PROVISIONS FOR PARTY ELECTORAL PARTICIPATION

Istanbul TERCUMAN in Turkish 10 Jul 83 pp 1, 12

[Editorial by Nazli Ilıcak: "Observance of Treaties"; passages enclosed in slantlines printed in boldface]

[Text] An important problem has arisen following the veto of 26 of the Social Democrat Party's founders, leaving 8, and of 30 of Right Way's founders, leaving 4: If some of the political parties fail because of vetoes to make up a 30-person founding committee as stipulated by law, will they lose the right of participating in the elections? National Security Council Bulletin No 31 says that such parties may not campaign, print brochures or hold opening ceremonies. Can bans such as these be expanded to the point that "parties which fail to complete the founding [committee] may not participate in elections"?

/Constitutionally, no [capitalized]. This may bring certain questions to mind. Has the Constitution entered into effect, I wonder? Who is bound by the provisions of the Constitution which are in effect? In other words, is everyone obligated to abide by the Constitution?/

Article 177 of the Constitution says, "This Constitution upon approval by public referendum and publication in the RESMI GAZETE becomes the Constitution of the Republic of Turkey and enters into effect in its entirety with the exceptions shown below." The provisions dealing with political activities and elections which had earlier been included among the exceptions became effective with the publication of the /Political Parties Law/ and the /Electoral Law/.

According to article 11 of the Constitution, /"The provisions of the Constitution are the fundamental rules of law which bind the legislative, executive and judiciary organs, governmental authorities and other organizations and individuals/."

No exception is shown in this provision or in any provisional articles referring to this provision.

Law No 2324 Refers to 1961 Constitution

The situation was different for the 1969 Constitution. The 27 October 1980 Law No 2324 on the Constitutional Order adopts the principle that /"those resolutions and bulletins of the National Security Council which do not comply with

the 1961 Constitution shall enter into effect as constitutional amendments," clearly indicating that the National Security Council was not bound by that Constitution.

It is not possible to say the same thing for the 1982 Constitution, as the architects of the 1982 Constitution are the present administration. They are the ones who set the referendum date, the final form of the articles and when they would go into effect. On 7 November, the public and the existing administration signed a pact between the state and the citizenry. The old pact was nullified, the 1961 Constitution was invalidated and the new one took its place.

In international law, the principle of /Pacta Sunt Servanda/ applies. According to this rule, which we may translate as the /"rule of the observance of treaties"/, the concept of law, morality and justice requires that states not deceive one another in international relations. The orderly conduct of relations is possible only if treaties are inviolable. The principle of /Pacta Sunt Servanda/ was inscribed in the preamble to the charter of the United Nations. Over time, the rule was viewed as too stringent and was replaced by another, the rule that /"treaties should conform to changing conditions,"/ the rule of /Clausula Rebus Sic Stantibus/, whereby if the situation at the time the treaty was concluded changes, /Pacta Sunt Servanda/ cannot apply.

No new situation arose following approval of the 1982 Constitution which, the 1961 Constitution to the contrary, would invalidate /Pacta Sunt Servanda/. So the /"observance of treaties"/ must obtain and must preserve the validity of all articles of the contract signed between the state and the nation in the referendum on 7 November 1982. Article 68 of this /"contract"/ says, /"Political parties may be formed without prior permission"/ and article 69 says, /"Suits brought by the Republic Attorney General may be terminated by the Constitutional Court."/ The above provisions, according to article 177 of the Constitution, went into effect upon publication of the new Political Parties Law in the RESMI GAZETE.

#### Permit and Veto

So, for this reason, it does not seem possible to us to ban participation in the elections of parties that fail to make up the founding complement owing to vetoes. To those who are worried about it, we repeat that the distinguished members of the Council will comply without fail with the principle of /"observance of treaties."/ For the principle of /"may be formed without prior permission"/ means that citizens may join together of their own free will around a common view and belief and participate in elections. Certain citizens are considered risky and are being vetoed by the Council. Provisional article 4 of the Political Parties Law gives the Council the right of veto, but, in so doing, also introduces another very important provision: /"The examination procedure may not delay or prevent the party's gaining corporate status."/ So the veto cannot have the effect of causing a party to lose its legal persona or preventing its participation in the elections. And the fact that it cannot is the natural consequence of the principle /"not subject to license"/ contained in article 68 of the Constitution.

## ARMED FORCES ANNOUNCES NEW COMMAND SYSTEM

Helsinki HELSINGIN SANOMAT in Finnish 17 Jul 83 p 17

[Article by Arto Astikainen: "Reorganization of Generals' Ranks"]

[Text] When Defense Minister Veikko Pihlajamäki returns on Monday from his vacation in Kauhava, a reorganization of Finland's corps of generals will commence in the quarters of the Helsinki Guard, the Defense Ministry, and in the Joint Chiefs of Staff.

First of all, the resignation papers of General Lauri Sutela, commander of the defense forces, will be presented to President Mauno Koivisto. Sutela will reach the retirement age of 65 for a commander on 11 October, but in accordance with custom a decision will be made on his resignation in good time, probably next Friday.

The commander's retirement will have an effect next fall on the column of generals from one end to the other: the defense forces will receive a new commander and Finland will receive its 22nd general with the rank of three lions since its independence; the chief of the Joint Chiefs of Staff as the man closest to the commander will also change; one lieutenant general's post and one major general's post will become open; the path to a general's position will open up for one colonel.

The new commander of the defense forces as well as all the other generals will be appointed by the president after the government has presented its proposal on this matter. Thus one enters the ranks of the generals through the political sieve of the government; other officers are appointed by the president directly on the recommendation of the commander.

The government will probably bring up the appointment of the commander for the president's decision in the middle of August when Prime Minister Kalevi Sorsa returns from vacation.

However, discussions on the profiles of the generals have been going on for a long time already. Defense Minister Pihlajamäki visited the president at Kultaranta a week ago on Friday in the middle of his summer vacation.

## One Advanced Ahead of the Others

The requirement to be a commander of the defense forces is concise. He must be eligible for the post of lieutenant general. This means that all lieutenant generals and officers who have held the rank of major general for at least 2 years are formally eligible for the post of commander. There are 21 candidates: nine lieutenant generals and major generals all the way down to Martti Alatalo on the seniority list.

However, there is only one actual candidate. When Lieutenant General Jaakko Valtanen was transferred last spring after a short tour of duty from the Etela-Suomi [Southern Finland] Military District back to the Joint Chiefs of Staff as its chief and deputy to the commander, the commander game could be considered over.

Nothing has happened in the past year to cast any doubts on Valtanen's position or to justify Valtanen's displacement and to appoint a more junior general as commander.

In 1965 President Urho Kekkonen promoted Major General Yrjo Keinonen directly to the post of commander ahead of 16 more senior generals; the situation was such that Keinonen could not be immediately promoted to the rank of lieutenant general. This does not exactly fit Mauno Koivisto's presidential image.

It took many years to settle the fuss and rancor caused by the Keinonen appointment even though Keinonen brought a breath of freedom to the recruits: vacations came regularly and for the first time it was possible to take them in civilian clothing and there was no longer any need to salute every officer on the street.

## A Man of the Coastal Artillery

Valtanen, 58, who is to become the next commander, is originally a man of the coastal artillery, who graduated from the Naval Academy. Present Commander Sutela is a sapper, his predecessor Kaarlo Leinonen was an artillery man. Keinonen came from the infantry. One commander, Jarl Lundqvist, came from the Air Force.

A peace-seeking Finland has yet to have a commander for its armed forces without wartime experience. Valtanen volunteered for the winter war in the Turku Division, received his recruit and officer training during the continuation war, and even acted as a fire control officer as a 19-year old ensign in Haapasaari at the end of the war. Sutela fought as a commander of a sapper battalion.

What makes Valtanen a commander is the fact that he has managed the most important affairs of Joint Chiefs of Staff, has held the post of the chief of command and chief of the General Staff and the Joint Chiefs of Staff, has been in the "field" as commander of the Etela-Suomi Military District, has

been one of Sutela's trusted men, and has received recognition and appreciation in the Army as well as the rest of society, among political decision-makers, among others.

For many years Valtanen directed the national defense courses, in which the most important decisionmakers in the civilian world are taught military theory.

Valtanen also acquired experience in conducting civilian battles several years ago in the famous school battle of Espoo. Valtanen was in the vanguard of the supporters of the fundamental public education system. A Constitutionalist major, retired from active service, waved the sword of the opposing school of thought.

Valtanen's appointment as commander will open up the number two position in the corps of generals, the chief of the Joint Chiefs of Staff. Filling this position will now be more difficult than usual; the deliberation of alternatives has postponed all decisions late into the summer. The highest corps of officers is following the selection of the chief of the Joint Chiefs of Staff with much greater interest than the self-evident appointment of the next commander.

The same generals who are eligible for the chief of the Joint of Chiefs of Staff, the deputy to the commander, are also eligible for the commander's position. However, the chief will be selected from the ranks of the lieutenant generals, of this the Army is certain.

The most senior among them is Aimo Pajunen, chief secretary of the Defense Ministry, a SALT-man who rose like a comet to the ranks of colonel and general, and the most Bohemian and the most unmilitary of our generals with a reputation for discretion. However, in recent years he has become tied down to his own career pursuits.

Also it is believed that Pajunen does not want to move anywhere else in the Joint Chiefs of Staff except to the post of commander. Administratively, the Joint Chiefs of Staff is a central headquarters subordinate to the Ministry of Defense and a chief secretary receives a salary one grade above the chief of the Joint Chiefs of Staff, a fact that does not particularly please the corps of generals.

A commander's salary scale is B 11 (19,000 markkaa per month), a chief defense secretary's is B 10 (17,300), the salary scale of the chief of the Joint Chiefs of Staff is B 9 (15,700), a lieutenant general's scale is B 8 (14,400), a major general's scale is B 7 (13,000), and a colonel's scale is B 5 (11,000 markkaa per month).

Pajunen has more authority and operational freedom in the ministry than he would have as the second man in the Joint Chiefs of Staff, particularly since the parties seldom install their best men as defense ministers. The television series "Yes, Mr. Minister" is a very good portrayal of relations between a minister and his officials in Finland also.



### Vayrynen's Opportunity

Military Economics Chief Pentti Vayrynen, next in line on the list of generals, is considered to be a very possible future chief of the Joint Chiefs of Staff. However, he is specialized in procurements for the Army and may not want to change his job only 3 years before his retirement.

If Vayrynen is selected, the new chief of the military economics section of the Joint Chiefs of Staff will most probably be Major General Jorma Valo from the Defense Ministry.

The officer corps follows internal transfers in the Army more precisely than the movements of the enemy. Advance signs of Vayrynen's and Valo's transfers were observed when Commanding Colonel Pertti Jokinen of the Lapland Flight Detachment was recently sent to the Defense Ministry to "train" in Valo's section. He would inherit Valo's position as chief of the military affairs section in the ministry. This position holds the rank of major general.

Among the commanders of the Air Force Rauno Merio became the youngest peacetime general in 1975 at the age of 41, but it is not believed that he will now become chief of the Joint Chiefs of Staff. The same evaluation applies to Training Chief Raimo Viita and Border Patrol Chief Ilmari Kirjavainen.

On the other hand, Lieutenant General Wilhelm Stewen is now holding a rank in which one is normally promoted to the Army's highest position as a chief of the General Staff. From there one is frequently transferred directly to the post of the chief of the Joint Chiefs of Staff, but there is an obstacle in Stewen's path: he is not very well liked in the Joint Chiefs of Staff. He is described as "too military", a formally stiff commander, who could have difficulties in relations with the civilian world.

Lauri Koho has behind him a distinguished international career as an officer of the UN and he is the only lieutenant general among the present "field officers" and commanders of military districts. However, he has not been through that oven in which chiefs of the Joint Chiefs of Staff are baked; he lacks experience in the most important tasks of his homeland's Joint Chiefs of Staff.

Koho has one advantage which is missing from the number one candidate for the chief of the Joint Chiefs of Staff, Vice-Admiral Jan Klenberg. Koho is not a graduate of the Naval Academy.

Naval Commander Jan Klenberg is the ideal soldier in the eyes of many in the Army and even outside of the barracks: intelligent, tactful, representative, capable, handsome, and qualified. One school of thought would be ready to make him commander of the defense forces even immediately, and he is labelled as the most suitable and the most qualified as chief of the Joint Chiefs of Staff.

Klenberg was last in the Joint Chiefs of Staff as a commanding officer. He has developed relations with the political decisionmakers in the Council of



Defense, as a director of the national defense courses, and as a secretary of two defense committees. He has many supporters, Sutela being at the top of the list.

However, the men in the Army have promoted a discussion of the fact that three most important positions, commander, chief of the Joint Chiefs of Staff, and chief secretary of the ministry, are being simultaneously held by men from the Naval Academy, Pajunen and Klenberg being from even the same class.

Jealousy and pride between the branches of service are traditionally strong in the Army as are ambition and honor. The few dramatics that are encountered among military officers are created by promotions and transfers.

Commander Juhani Ruutu of the Kaakkois-Suomi [Southeast Finland] Military District suddenly resigned when Merio, an Air Force man, took the rank of lieutenant general from under his nose and sped past him in advancement.

If Vice-Admiral Klenberg is able to avoid his sea obstacle and is appointed chief of the Joint Chiefs of Staff, the Navy will need a new commander. The candidates are Commodore Juha Tikka, commander of the Coastal Fleet, and Commodore Erik Wihtol, director of the Naval Academy. Wihtol has more seniority while Tikka, on the other hand, is the stronger leader. A naval commander quickly rises to the rank of general as a rear admiral.

The selection of a chief of the Joint Chiefs of Staff as well as the selection of a new commander will, to a great degree, depend on Commander Lauri Sutela's stand since Sutela and President Koivisto are close conversation partners from way back. Perhaps even in the Army the new commander is also being asked whom he wants as his deputy.

It is difficult to imagine Pajunen and Stewen as Valtanen's partner while the key candidate, Klenberg, would certainly be well suited for this position. A typical "Koivisto" solution would be to appoint Pentti Vayrynen from the top of the seniority list as the chief of the Joint Chiefs of Staff. Then no one would have to be passed up. Klenberg's turn would come up in 1986.

A change of commander and chief of the Joint Chiefs of Staff would mean that one lieutenant general's position would become vacant. Of the nine lieutenant generals four are permanently in the Joint Chiefs of Staff, one in the Defense Ministry, one in the Border Patrol, and three in the Army, Navy, and Air Force.

Vayrynen's transfer may raise Valo or Maintenance Chief Alpo Kantola to the ranks of generals with two lions; Klenberg's or Koho's promotion would bring another promotion for Sakari Annala or Keijo Tuominen.

#### The Next Round

In selecting a chief of the Joint Chiefs of Staff the next round of the commander game is already being played. This summer's solution may provide an indication of whom will be the commander in 1990 when Valtanen retires.

The retirement age for a commander is 65, 60 for other generals. The commander of the Air Force retires at the age of 55.

This retirement structure, if it is not changed, will bring retirement to the majority of the present lieutenant generals before Valtanen retires.

In 1990 the only contenders will be Pajunen and Klenberg. Both will then be 58 years old, the same age as Valtanen is now.

Army observers have been looking at Pajunen's and Klenberg's relations with President Koivisto, who will most likely be president in 1990 also. No clear smoke signals have come from the palace chimney: Koivisto attended the 50th birthday celebrations of both men.

Among the lieutenant generals Vayrynen, Kirjavainen, and Koho will retire in 1986, Stewen in 1987, and Merio and Viita in 1988. Among the current major generals ten will retire before 1990. Among the rising stars Ilkka Halonen and Erkki Rannikko will still be in the running, and there will be 87 colonels waiting behind the narrow door to the corps of generals before their wives can pin a general's lion on their uniform lapels.

#### Commanders of the Defense Forces

The following officers have been commanders of the defense forces or functioned in a corresponding position (the supreme commander of wartime troops, chief of the army, commander-in-chief, chief of the military) since Finland's independence:

Cavalry General C. G. E. Mannerheim	1918
Major General K. F. Wilkman (later Wilkama)	1918
Major General W. A. Thesleff	1918
Colonel K. R. Walden	1918
Major General K. F. Wilkman	1918--1919
Major General K. E. Kivekas	1919
Lieutenant General K. F. Wilkama	1919--1924
Major General V. P. Nenonen	1924--1925
Light Infantry Colonel K. L. Malmberg	1925
Lieutenant General K. F. Wilkama	1925--1926
Lieutenant General Aarne Sihvo	1926--1933
Lieutenant General Hugo Osterman	1933--1939
Finnish Marshal C. G. E. Mannerheim	1939--1944
Infantry General Erik Heinrichs	1944--1945
Lieutenant General Jarl Lundqvist	1945--1946
Infantry General Aarne Sihvo	1946--1953
Infantry General Kaarlo Heiskanen	1953--1959
Infantry General Sakari Simelius	1959--1965
Infantry General Yrjo Keinonen	1965--1969
General Kaarlo Leinonen	1969--1974
General Lauri Sutela	1974--1983

## Present Corps of Generals in Seniority Order

### General:

Commander Lauri Sutela of the Defense Forces

### Lieutenant Generals:

Jaakko Valtanen, chief of the Joint Chiefs of Staff  
Aimo Pajunen, chief secretary of the Defense Ministry  
Pentti Vayrynen, military economics chief  
Rauno Merio, commander of the Air Force  
Wilhelm Stewen, chief of the General Staff  
Lauri Koho, commander of the Lounais-Suomi [Southwest Finland] Military District  
Jan Klenberg, vice-admiral, commander of the Navy  
Raimo Viita, training chief  
Ilmari Kirjavainen, chief of the Border Patrol

### Major Generals:

Kimmo Koskenvuo, chief physician of the Defense Forces  
Alpo Kantola, maintenance chief  
Sakari Annala, commander of the Kaakkois-Suomi [Southeast Finland] Military District  
Keijo Tuominen, commander of the Etela-Suomi [Southern Finland] Military District  
Jorma Valo, section chief of the Defense Ministry  
Juhani Saloranta, chief engineer of the Defense Forces  
Risto Setala, director of the War College  
Erkki Laatikainen, commander of the Pohjois-Suomi [Northern Finland] Military District  
Raimo Katona, infantry inspector  
Erkki Vanninen, commander of the Pohjanmaa Military District  
Matti Vanonen, chief of headquarters  
Martti Alatalo, commander of Sisa-Suomi [Central Finland] Military District  
Ilkka Halonen, commander of the Savo-Karjala Military District  
Uolevi Anthoni, military equipment chief  
Erkki Rannikko, chief of command  
Stig-Erik Malmen, assistant chief of the Border Patrol  
Jorma Kaisalo, chief of the naval section of the Border Patrol  
Viljo Remes, military bishop

10576

CSO: 3617/154

## ARMY IS TESTING TWO NEW ARMORED PERSONNEL CARRIERS

Helsinki UUSI SUOMI in Finnish 7 Jul 83 p 7

[Article: "Domestic Armored Personnel Carriers Being Tested"]

[Text] Sisu and Valmet have been waging a marketing war for nearly 2 years already over whose armored personnel carrier is best suited for the needs of the defense forces.

The defense forces have tested the prototypes of both manufacturers in various terrains and conditions.

The defense forces are not making any statements on the still-pending issue, but, as far as is known, Sisu has clearly performed better in the tests than Valmet. In any event, both vehicles are better suited to our conditions than any corresponding foreign equipment.

The prototype of both manufacturers and the final products possibly to be produced in a series will have a 90-percent domestic input.

The little information that has leaked from the tests conducted by the defense forces indicates that Sisu's prototype is definitely better on the highways as well as open terrain. Also Sisu has been agile in crossing streams and rivers.

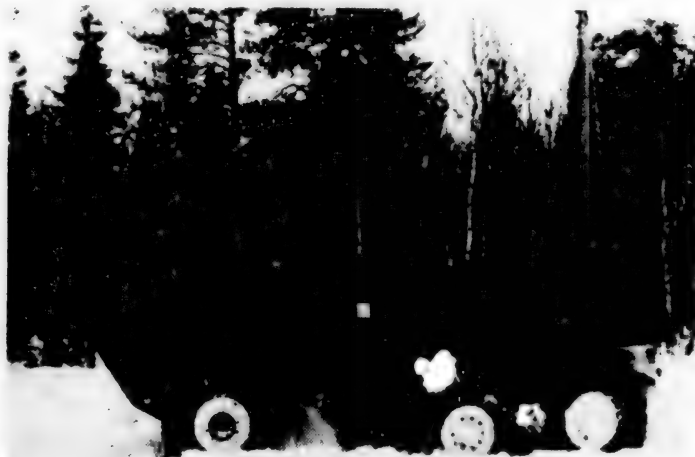
Information Secretary Erkki Paukkunen of the defense forces states that no decisions have been made one way or the other since the development work on even the prototypes is still incomplete. The manufacturers will have an opportunity to correct deficiencies observed in the tests.

According to certain estimates, the defense forces will order 300 armored personnel carriers. Apparently, the order will be divided evenly between Sisu and Valmet.

[See photos on following page]



Valmet has resorted to tractor components in the development of its own vehicle.



The large majority of the structural parts of Sisu's version is made with the "same mold" as the parts for Sisu's off-the-road trucks.

10576

CSO: 3617/154

## GENERAL JAAKKO VALTANEN REPLACES SUTELA AS ARMED FORCES CHIEF

Helsinki HELSINGIN SANOMAT in Finnish 23 Jul 83 p 5

[Article: "Future Commander Valtanen: 'Defense Readiness Satisfies Minimum'"]

[Text] Jaakko Joukamo Valtanen, the new commander of the defense forces, was born in Hämeenlinna on 9 May 1925. After having participated in the continuation war as a fire control ensign he completed the Naval Academy course and became an active officer in 1946.

Valtanen graduated from the War College in 1955 and after that he was an instructor in the War College, a chief of a coastal artillery regiment fortress in Suomenlinna, and an adjutant to the commander of the defense forces.

After serving 1 year as a commander of a coastal light infantry battalion Valtanen was appointed chief of the information section of the Joint Chiefs of Staff in 1967 and 3 years later he was appointed director of the national defense courses.

Valtanen was promoted to the rank of major general as the chief of command in the Joint Chiefs of Staff in 1975. His promotion to the rank of lieutenant general and to chief of the General Staff came in 1978.

Before his transfer to his present post as chief of the Joint Chiefs of Staff in 1982 Valtanen was the commander of the Etelä-Suomi [Southern Finland] Military District for 1 year.

Lieutenant General Jaakko Valtanen, the future commander of the defense forces, considers that he will be inheriting from his predecessor a well run establishment, which, nevertheless, will require more work for its further development.

Valtanen admits that Finland's defense readiness will meet minimum requirements in accordance with the recommendations of the Third Parliamentary Defense Committee, but there can be no talk about equipment procurements.

"The mere percentage growth of defense allocations does not tell the whole truth about the development of Finland's defense readiness. Consideration must also be given to that low level starting point on which the plans of



the parliamentary defense committees were based at the start of the 1970's," states Valtanen in answer to observations made in international research institutes about Finland's rapid growth in defense expenditures.

"Compared to the the armies of the large countries, Finland's defense forces remain a modest factor in world politics. Our goal, however, is to maintain an establishment which is capable of executing its statutory obligations," emphasizes Valtanen.

#### Lapland Defense Satisfactory

The new commander is relating his views at his summer cabin in Snappertuna where he received the news about his appointment. His vacation is being interrupted quite frequently since there is a string of people to congratulate and interview him.

Valtanen has had previous experience in answering the questions of the press. The answers come in an already deliberated and completely thought out form.

"We can be quite satisfied with the defense readiness of Lapland. The establishment of the light infantry brigade in Sodankyla, the attached field artillery regiment in Lapland, and other measures being taken for the development of defense readiness are in the right direction. Also materiel procurements are presently being made for troops in the area, including reservists."

The most serious deficiency in Finland's defense forces in Valtanen's opinion is the shortage of personnel: "The defense forces are, above all, in need of professionals for developing the routine operations of this establishment. In this way conscripts and permanent personnel would be able to concentrate on their main task, military training," states Valtanen.

As other goals Valtanen mentions increasing the number of reservists sent to annual training by 3,000 people annually as well as improving the mobility of the ground forces as an important developmental step.

"As the ground forces make the transition from tractor-driven vehicles to armored personnel carriers and cross-country vehicles, this step forward will be greater than the abandonment of horse-drawn vehicles was in its time."

Valtanen considers the position of the defense forces in Finnish society to be excellent. There is a realistic view of Finland's defense needs in the various quarters of society in spite of all the political conflicts, estimates Valtanen.

#### Peace Movement Is Not a Problem

Also the growth of the peace movement is not a problem for the defense forces in Valtanen's opinion.

"I do not see any conflict in the goals of the peace movements and the defense establishment. I would naturally adopt a critical attitude toward the demands

for Finland's unilateral disarmament, which in my opinion would only upset the balance of power in the Nordic area and could turn out to be quite dangerous. But in the manner of all reasonable people I would like to see an end to the arms race between the superpowers."

Valtanen considers the present position of the Finnish conscript to be satisfactory: "It must always be remembered that the conscript and the reservist are the most important power reserve of Finland's defense. In my opinion much creditable work has been accomplished on behalf of the improvement of the social and economic position of the conscript. Nevertheless, it must always be remembered that as society develops, the needs of even the conscript change. This change must be taken into consideration in the defense forces to the degree that our resources will allow," states Valtanen.

10576

CSO: 3617/154

## PAPER IS OPTIMISTIC ON RESOLUTION OF CONFLICT WITH DENMARK

Stockholm DAGENS NYHETER in Swedish 28 Jul 83 p 2

[Editorial by Olof Santesson: "Kattegatt Conflict"]

[Text] A Danish-Swedish boundary dispute in 1983 sounds like a bad joke. Nordic countries should be able to handle their business with each other more flexibly and instead of conflict, provide our troubled world with an example of solutions arrived at amicably.

It is understandable that the prospect of finding oil in part of Kattegatt west of Kullen is of interest to both Danes and Swedes. Who, if anyone, has the better right to potential finds? Where should the boundary line be drawn? Denmark draws its line on the basis of three islands in Kattegatt--Laeso, Anholt and Hesselø. Sweden would argue about the justification for this, especially with regard to Hesselø, where the only residents are a supervisor and his family. If Hesselø is not included in the calculation, the Swedish zone in Kattegatt extends a little further to the west.

The question of how to classify islands has gained in importance as countries have begun to find ways to utilize zones out at sea economically. In the Baltic, Sweden claims that the "midline" should be drawn between the east coast of Gotland and the Baltic coast, while the Soviet Union wants to leave out Gotland and get a broader zone in that way. This is an important issue for Sweden.

The problem in Kattegatt, which is probably somewhat less important to both sides, has become more relevant since the Danish government gave its permission for oil drilling in precisely the area claimed by both Sweden and Denmark. This behavior is remarkable, even if the Danes are unaware of the fact that exploitation of the ocean floor is a sensitive issue for Sweden as long as we have not reached any kind of solution in the Baltic. One would not have thought that Nordic lands would want to present each other with a "fait accompli."

Denmark is stubbornly and toughly guarding its national interests. We see that especially in the EC conflict over fishing for herring in the North

Sea. But toughness is seldom wholly commendable when it comes to relations between nations.

As Conservative Carl Bildt pointed out in an article in SVENSKA DAGBLADET, Denmark and Sweden should start out by agreeing on conditions for drilling while final regulations are being worked out. If contrary to expectations, the countries cannot agree on a final solution, they can turn to the international court in The Hague for a ruling on the dispute.

It goes without saying that Sweden, with its basic stand on the resolution of conflicts, would accept having the issue handled this way. And since Denmark regards itself as having strong claims to the potential oil area in Kattegatt, there should be no hesitation in Copenhagen either about getting the entire problem cleared up, through arbitration if that proves necessary. Something that started out on the wrong foot can quickly be set right again by showing a little practical Scandinavian spirit!



**END OF**

**FICHE**

**DATE FILMED**

Aug 25, 1983